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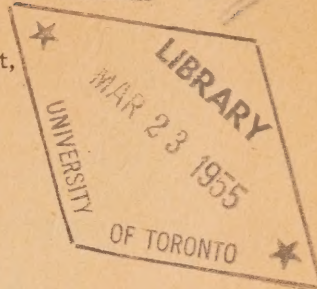
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Canada. External Affairs, Standing
Committee on, 1955

HOUSE OF COMMONS

Second Session—Twenty-second Parliament,
1955

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STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

TUESDAY, MARCH 1, 1955

WEDNESDAY, MARCH 9, 1955

Bill No. 3, An Act respecting the Construction, Operation and Maintenance
of International River Improvements.

Statement of Honourable Jean Lesage, Minister of Northern Affairs and
National Resources.

WITNESS:

General A. G. L. McNaughton, Chairman, Canadian Section, International
Joint Commission.



STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. Philippe Picard, Esq.,
and Messieurs

Applewhaite
Balcer
Bell
Breton
Byrne
Cannon
Cardin
Coldwell
Crestohl
Croll
Decore
Diefenbaker

Fulton
Garland
Gauthier (*Lac St. Jean*)
Green
Henry
James
Jutras
Kirk (*Shelburne-Yar-*
mouth-Clare)
Knowles
Low
Lusby

MacInnis
MacKenzie
Macnaughton
McMillan
Montgomery
Patterson
Pearkes
Richard (*Ottawa East*)
Stick
Stuart (*Charlotte*)
Studer—35.

Antonio Plouffe,
Clerk of the Committee.

ORDERS OF REFERENCE

HOUSE OF COMMONS,

FRIDAY, February 4, 1955.

Resolved, That the following Members do compose the Standing Committee on External Affairs:

Aitken (Miss)	Fleming	MacInnis
Balcer	Garland	MacKenzie
Bell	Gauthier (<i>Lac St. Jean</i>)	Macnaughton
Boisvert	Goode	McMillan
Breton	Henry	Patterson
Cannon	James	Pearkes
Cardin	Jutras	Picard
Coldwell	Kirk (<i>Shelburne- Yarmouth-Clare</i>)	Richard (<i>Ottawa East</i>)
Crestohl	Knowles	Starr
Croll	Low	Stick
Decore	Lusby	Stuart (<i>Charlotte</i>)
Diefenbaker		Studer—35

Ordered, That the Standing Committee on External Affairs be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

THURSDAY, February 17, 1955.

Ordered, That the name of Mr. Fulton be substituted for that of Miss Aitken; and

Ordered, That the name of Mr. Green be substituted for that of Mr. Starr; and

Ordered, That the name of Mr. Montgomery be substituted for that of Mr. Fleming on the said Committee.

THURSDAY, February 24, 1955.

Ordered, That the following Bill be referred to the said Committee:

Bill No. 3, An Act respecting the Construction, Operation and Maintenance of International River Improvements.

MONDAY, February 28, 1955.

Ordered, That the name of Mr. Applewhaite be substituted for that of Mr. Goode; and

That the name of Mr. Byrne be substituted for that of Mr. Boisvert on the said Committee.

TUESDAY, March 1, 1955.

Ordered, That the said Committee be empowered to print from day to day 750 copies in English and 300 copies in French of its Minutes of Proceedings and Evidence and that Standing Order 64 be suspended in relation thereto.

Ordered, That the said Committee be authorized to sit while the House is sitting.

MONDAY, March 7, 1955.

Ordered, That the name of Mr. Jones be substituted for that of Mr. Coldwell; and

That the name of Mr. Herridge be substituted for that of Mr. Knowles on the said Committee.

Attest.

LÉON J. RAYMOND,
Clerk of the House.

BILL 3

An Act respecting the Construction, Operation and Maintenance of International River Improvements.

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Short Title

1. This Act may be cited as the *International Rivers Act*.

Interpretation

2. In this Act,
 - (a) "international river" means water flowing from any place in Canada to any place outside Canada; and
 - (b) "international river improvement" means a dam, obstruction, canal, reservoir or other work the purpose or effect of which is
 - (i) to increase, decrease or alter the natural flow of an international river, and
 - (ii) to interfere with, alter or effect the actual or potential use of the international river outside Canada.

Regulations

3. The Governor in Council may, for the purpose of developing and utilizing the water resources of Canada in the national interest, make regulations
 - (a) respecting the construction, operation and maintenance of international river improvements;
 - (b) respecting the issue, cancellation and suspension of licences for the construction, operation and maintenance of international river improvements;
 - (c) prescribing fees for licences issued under this Act; and
 - (d) excepting any international river improvements from the operation of this Act.

Licences

4. No person shall construct, operate or maintain an international river improvement unless he holds a valid licence therefor issued under this Act.

Penalties

5. Every person who violates this Act or any regulation is guilty of an offence and is liable

- (a) on conviction on indictment to a fine of five thousand dollars or to imprisonment for a term of five years, or to both fine and imprisonment; or
- (b) on summary conviction, to a fine of five hundred dollars or to imprisonment for a term of six months, or to both fine and imprisonment.

6. The Governor in Council may order that any international river improvement or part thereof constructed, operated or maintained in violation of this Act or the regulations be forfeited to Her Majesty in right of Canada, and any thing so forfeited may be removed, destroyed or otherwise disposed of as the Governor in Council directs; and the costs of and incidental to such removal, destruction or disposition, less any sum that may be realized from the sale or other disposition thereof, are recoverable by Her Majesty in right of Canada from the owner as a debt due to the Crown.

General

7. This Act does not apply in respect of an international river improvement constructed under the authority of an Act of the Parliament of Canada.

8. Her Majesty in right of Canada or a province is bound by this Act.

9. All international river improvements heretofore or hereafter constructed, and not excepted from the operation of this Act, are hereby declared to be works for the general advantage of Canada.

10. For a period of one year after the day on which this Act comes into force, sections 4, 5 and 6 do not apply in respect of international river improvements existing on that day.

REPORT TO HOUSE

TUESDAY, March 1, 1955.

The Standing Committee on External Affairs begs leave to present the following as its

FIRST REPORT

Your Committee recommends:

1. That it be empowered to print from day to day 750 copies in English and 300 copies in French of its Minutes of Proceedings and Evidence and that Standing Order 64 be suspended in relation thereto.

2. That it be authorized to sit while the House is sitting.

All of which is respectfully submitted.

L. PHILIPPE PICARD,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, March 1, 1955.

The Standing Committee on External Affairs held an organization meeting this day at 10.45 o'clock a.m. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Applewhaite, Bell, Byrne, Cannon, Cardin, Coldwell, Crestohl, Croll, Diefenbaker, Gauthier (*Lac Saint-Jean*), Green, Jutras, Kirk (*Shelburne-Yarmouth-Clare*), Knowles, Low, Lusby, Macnaughton, McMillan, Montgomery, Patterson, Pearkes, Richard (*Ottawa East*), Stick and Studer—(25).

In attendance: Honourable Jean Lesage, Minister of Northern Affairs and National Resources, Mr. Maurice Lamontagne, Assistant Deputy Minister and General A. G. L. McNaughton, Chairman, Canadian Section, International Joint Commission; Thomas Ingledow, vice-president and Executive Engineer, British Electric Co. Ltd., Vancouver, B.C.

The Chairman read extracts of the Orders of Reference, more particularly the following:

"THURSDAY, February 24, 1955.

Ordered, That the following bill be referred to the said Committee: Bill No. 3, An Act respecting the Construction, Operation and Maintenance of International Rivers Improvements."

On motion of Mr. McMillan,

Resolved,—That the Committee ask permission to sit while the House is sitting.

On motion of Mr. Crestohl,

Resolved,—That the Committee request permission to print from day to day 750 copies in English and 300 copies in French of its minutes of proceedings and evidence.

Pursuant to notice, the Chairman stated that it was intended to proceed this day with the consideration of Bill No. 3, to hear General MacNaughton thereon, and to complete consideration of the Bill before examining External Affairs estimates.

Thereupon, Mr. Green moved, seconded by Mr. Pearkes

"That the Governments of the provinces in which there are international rivers as defined by the Bill be invited to send representatives to assist the Committee in the study of the Bill."

And a debate arising, Mr. Croll, while accepting the idea of postponing the hearing of evidence until the provinces were acquainted with the fact that the Committee was entrusted with the study of this Bill, objected to "inviting" the provincial governments and suggested "notifying" the provinces. Whereupon, the Chairman read a motion he had just redrafted as follows:

"That the provincial governments be notified that hearings will be held by the External Affairs Committee of the House of Commons on Bill No. 3, the first meeting being scheduled for Tuesday, March 8 at eleven o'clock.

Should these provincial governments wish to make representations in writing to the Committee or send representatives, such representations will be duly considered by the Committee and such representatives will be welcome and dates will be set for hearing them."

The question being put, it was resolved in the affirmative.

It was agreed, at the suggestion of Mr. Pearkes, to so inform by wire the ten provincial Premiers.

Honourable Jean Lesage was heard briefly.

The designation of the members of the Agenda (Steering) sub-committee was, after discussion, left to the Chairman.

Mr. Coldwell referred to the evidence given last session by Mr. Cavell on the Colombo Plan and suggested that Dr. Hugh Keenleyside be invited to appear at an appropriate time on technical aid in relation to the said Plan. The suggestion was well received.

It was decided that General McNaughton be the first witness at the next meeting of the Committee.

At 11.50 o'clock, the Committee adjourned to the call of the Chair.

WEDNESDAY, March 9, 1955.

(2)

The Standing Committee on External Affairs met this day at 3.30 o'clock p.m. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Applewhaite, Balcer, Bell, Breton, Byrne, Cannon, Cardin, Crestohl, Croll, Fulton, Garland, Gauthier (*Lac Saint-Jean*), Green, Henry, Herridge, James, Jones, Jutras, Kirk (*Shelburne-Yarmouth-Clare*), Low, MacInnis, Macnaughton, McMillan, Montgomery, Patterson, Pearkes, Richard (*Ottawa East*), Stick, Stuart (*Charlotte*), Studer—(30).

In attendance: Honourable Jean Lesage, Minister of Northern Affairs and National Resources; Mr. Maurice Lamontagne, Assistant Deputy Minister; Mr. John Davis, Economic Adviser, Department of Trade and Commerce; General A. G. L. McNaughton, Chairman, Canadian Section, International Joint Commission; Mr. J. L. Dansereau, Commissioner; Miss E. M. Sutherland, Secretary; Mr. J. L. MacCallum, Legal Adviser; Mr. J. D. Peterson, Engineering Adviser; Mr. D. G. Chance, Assistant Secretary; Mr. Thomas Ingledow, Vice-President and Executive Engineer, British Columbia Electric Co. Ltd., Vancouver, B.C.

The Honourable Jean Lesage read a statement and tabled copies of the following which were distributed and incorporated in the evidence:

1. Suggested amendments to Bill No. 3;
2. List of rivers crossing the international boundary from Canada into the United States;
3. List of boundary waters and their principal Canadian tributaries.

The Chairman then read into the record:

1. Copy of his telegram sent on March 1 to the ten Provincial Premiers;
2. Reply of the Premier of British Columbia dated March 3;
3. Telegram from the Premier of British Columbia dated March 8;

4. Reply of the Premier of Quebec dated March 4;
5. Reply from the Premier of New Brunswick dated March 2;
6. Telegram from the Attorney-General of New Brunswick dated March 8;
7. Reply of the Premier of Saskatchewan dated March 4;
8. Reply from the Attorney-General of Nova Scotia dated March 8.

The Premier of British Columbia having, in his reply, suggested April 26 as a possible convenient date on which to be heard, on motion of Mr. Croll, seconded by Mr. Cannon,

Resolved,—That the Committee set forthwith April 26 or April 27 as dates on which British Columbia representatives could be heard.

It was agreed that witnesses could be recalled if requested.

It was further agreed that the Chairman communicate by air mail with the Provincial Premiers and that they be sent copies of the printed evidence when available.

The Committee then resumed consideration of Clause 1 of Bill No. 3.

General McNaughton was called and read a prepared statement using appropriate maps, two International Joint Commission officials assisted him in his references to rivers.

The witness tabled for distribution copies of the Rules of Procedure, Text of Treaty and Reference of the International Joint Commission as well as seven tables which were ordered printed as appendices. (*See Appendices 1 to 11 inclusive to this day's evidence.*)

At 5.40 o'clock p.m., General McNaughton's examination still continuing, the Committee adjourned until Thursday at 11.00 o'clock a.m.

Antonio Plouffe,
Clerk of the Committee.

VERBATIM DELIBERATIONS

MARCH 1, 1955.

The CHAIRMAN: Gentlemen, I have been informed that at a meeting held recently I was proposed and elected as chairman of this committee, and I wish to thank you for this honour.

The committee, as you know, has as its customary order of business the following:

That the standing committee on External Affairs be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Up to now, this year, the only order of business we really have before us is the one that has been sent to us from the House which reads as follows:

THURSDAY, February 24, 1955.

Ordered—That the following bill be referred to the said committee:

Bill No. 3, an Act respecting the construction, operation and maintenance of international river improvements.

That is the only order of business we have before us until such time as the estimates of the Department of External Affairs are referred to the committee—which may happen in the very near future. Since many members have been changed and the membership of the committee has been altered somewhat in view of this study of Bill No. 3, after consultation with the whips or the leaders, of the different groups it has been agreed that we should carry on with a study of Bill No. 3 until we are definitely finished with that order of business. Therefore, in order to have a sequence in our proceedings, I suggest that we carry on with the study of Bill No. 3. I shall call clause I.

Mr. COLDWELL: Mr. Chairman, since I shall not be here again for some time—I am going to be changed—and since this bill is to be dealt with first, and subsequently arrangements may be made for some study of the estimates, I would like to make a couple of suggestions this morning for the record.

We have heard Mr. Cavell of the Colombo Plan from time to time, and I hope this year the committee might be inclined to call Dr. Keenleyside to give evidence on technical aid.

When I was at the United Nations last time I saw Dr. Keenleyside and I asked him if he would be willing to come to this committee and outline technical aid and its relationship to the Colombo Plan, to point four and so on. He told me at the time that he could not say whether he could come or not and that he would have to clear with the secretary general. Subsequently he told me that he had cleared with the secretary general and if the committee called him, he would be very happy to come.

I want to say that, since I may not be here at the end of the study of Bill No. 3, when the other business is proposed. So if the committee and you Mr. Chairman, will bear that in mind, I think it would be very worthwhile.

The CHAIRMAN: Thank you, very much, Mr. Coldwell. At any rate, I assume we will—as we have had in past years—have a steering committee, at which time these matters can be brought up. And I was about to say that the choice of any witnesses and so on after this morning will be left in the hands of the steering committee, and that Mr. Coldwell's proposal will be dealt with by the steering committee, and if the personnel of the steering committee is left in the hands of the chairman as in the past I will consult with the different leaders or whips as to their wishes concerning the members of that steering committee. Then as soon as the steering committee has decided that we should pass to another order of business, we will then be in a position to make further suggestions to the main committee.

The clerk of the committee reminds me that there are a number of important things to do before we go on with the bill. I would like a motion enabling the committee to sit while the House is sitting. It is moved by Mr. McMillan that the committee ask permission to sit while the House is sitting. Motion agreed to. Another important motion is that the committee be authorized to print its proceedings from day to day, six hundred copies in English and three hundred copies in French. That is the number that was printed last year and which covered the need, but not much over. Is this considered to be sufficient in both languages, that the committee be authorized to print six hundred copies in English and three hundred copies in French of its minutes and proceedings? It is moved by Mr. Crestohl.

Mr. KNOWLES: I wonder if that would be enough for the time that we are on Bill No. 3, Mr. Chairman?

The CHAIRMAN: That may be true.

Mr. KNOWLES: Since there is wide public interest in the question.

The CHAIRMAN: That is right. We might increase it. What would be your suggestion?

Mr. CANNON: I would suggest seven hundred and fifty copies in English.

The CHAIRMAN: Very well, agreed that seven hundred and fifty copies in English and three hundred copies in French be printed. That is for so long as we are studying Bill No. 3.

Now, with your permission, I shall call clause 1 of Bill 3:

An Act respecting the Construction, Operation and Maintenance of International River Improvements.

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

SHORT TITLE.

1. This Act may be cited as the *International Rivers Act*.

I suggest this is the moment when we might consider the best procedure to be followed. I would assume that we might want first to have a general outline of the situation from the chairman of the International Joint Commission who has appeared before us before. He might give us an idea of the topographical and geographical situation concerning this bill, the Columbia River basin, the Fraser, and so on. But I am in the hands of the committee whether you want to have this witness now or not. As I understand that some people may have other views, I shall ask the committee for its views.

Mr. GREEN: Mr. Chairman, I heartily agree that General McNaughton should be the first witness before the committee. There is no doubt that his evidence is of the utmost importance. However, I suggest to you sir, that

before we begin to take evidence, an invitation should go out to the provincial governments concerned with this bill, inviting them to send representatives here to assist us in the study of the bill.

There has been a good deal of heat generated over this bill in my own province of British Columbia and I cannot emphasize too strongly the fact that if the Columbia basin is to be developed to its full potential, there must be cooperation between the dominion government and the provincial government of British Columbia.

General McNaughton himself urged that upon us in the meetings of the External Affairs committee last year. In fact, he said that all his efforts on the International Joint Commission were directed to making the very best deal, all the benefits of which would go to the province of British Columbia.

And because there is this background, I think it would be very unwise to commence our hearings without giving the provincial governments a chance to send representatives. They may not choose to do so, but if they make that decision, the responsibility will rest with them. On the other hand, if we start in with our main witness, and then in a week, or two weeks from now we invite the provincial governments to send someone down, they will say — and they could rightly say — “Oh well, you did not have us there to hear the whole story, and now you are just dragging us in, and we will have nothing to do with it.”

In my opinion, speaking as a British Columbian, it would be disastrous to allow a situation like that to occur. In my view I think that not only the government of British Columbia should be invited, but also the governments of the other provinces which have international rivers within their boundaries.

I am not quite clear as to which they are, but I believe that Alberta has at least one, and that Saskatchewan has two or perhaps more, and we know that Quebec has the Saint John river and that New Brunswick of course is very much concerned with the Saint John river after it flows out of Quebec and into Maine and back into New Brunswick. So I think that these provinces at least should be invited to send representatives.

The CHAIRMAN: In order to clear up a point, may I ask this: do you mean that we should invite them, propose to send representatives, or that we should just notify them that we are entrusted with the study of Bill 3 and would welcome any representations they care to make.

Mr. GREEN: I move this motion, seconded by Mr. Pearkes, “that the governments of the provinces in which there are international rivers as defined by this bill, be invited to send representatives to assist the committee in the study of the bill”. You will notice that I have carefully refrained from wording my motion in the nature of a summons or a command or anything arbitrary. It is merely that they be extended an invitation to sit in with us here and help us to study the bill.

I submit that to proceed otherwise would be to give offence, and quite properly to give offence, to any of those governments, and with regard to the government of British Columbia in particular. I point out that they have had experts working with General McNaughton on the Canadian section of the International Joint Commission, they have a committee which is known as the Columbia River Basin Advisory Committee; and I see no reason why the chairman of that committee or representatives, or members of that committee could not be invited to come here and give us valuable advice.

My motion, Mr. Chairman, does not go any further than to include the provincial governments but I should think that it would be wise and helpful if some of the companies concerned were also given an opportunity to appear. There is the Kaiser Aluminum and Chemical Corporation which, of course,

is very much involved with the projected dam at Castlegar on the Arrow lakes, and the Consolidated Mining and Smelting Company which is also involved because of its power plants to the value of several million dollars on the Kootenay which is a subsidiary of the Columbia, and it also has a big plant at Waneta, and under this bill all those plants will, within a period of a year, have to get a license from the dominion government.

The CHAIRMAN: You might extend that too to the Aluminum Company of Canada which has a plant at Kitimat and to all companies that might be affected by this bill.

Mr. GREEN: I am not including that in my motion, Mr. Chairman. I am simply asking that the provincial governments be invited to send representatives. If that invitation is to be a fair one, they will have to be given the benefit of deciding whether they want to send someone, and also who they want to send. So that, if my motion carries, we could perhaps defer hearing General McNaughton until later, be it in a week's time or only until the first of next week.

The CHAIRMAN: I shall first read the motion in order to open the discussion. It is moved by Mr. Green and seconded by Mr. Pearkes "that the governments of the provinces in which there are international rivers as defined by the bill be invited to send representatives to assist the committee in the study of the bill." Discussion is now open.

Mr. CROLL: I think Mr. Green has a point to which the committee should give consideration. I think the point he has made is very good. We ought to have before us as many of the people who are concerned as we possibly can who want to be heard. And I think it would be premature for us to hear General McNaughton until such time as the people who should be here are already here. I find it a little difficult to follow Mr. Green and I would ask him to make one change.

I do not like the idea of the word "invited", which I think carries with it some implications. However, if Mr. Green would be satisfied to change his wording to "that the governments be notified", that is, that we will notify them that at such a time and so on, the provinces may be here and will be heard before this committee with respect to this bill and then leave it up to them, they can come or they may not come, and it is a matter for them entirely.

I think it is the usual or the ordinary procedure in dealing with other provinces that rather than inviting them we notify them and say that they will be welcome if they wish to come, and that we can arrange it for them at a suitable time.

Mr. GREEN: Would it meet your purpose if we used the word "invite", added in further along in the motion, that they be invited to help us study the bill? I want to get away from the idea that we are simply sending out a formal notice to the effect that here we are going to meet, and it is up to you.

Mr. CROLL: Well, Mr. Chairman, these provincial governments have committees and they know what committees do as well as we do. We could notify them and they would be here and of course we will hear them, or all those who wish to be heard; but I do not think we should send out an invitation to them. I think we should merely advise them and give them an opportunity so that if any of them do not appear, they are not put in an impossible position of having to answer for not having accepted an invitation. We can notify them and if they accept the notification they will come and

if not they will not come. So if Mr. Green is prepared to accept that change, then I am prepared to support his motion. Perhaps you would be good enough to read it again, Mr. Chairman.

The CHAIRMAN: While Mr. Croll was speaking, I just jotted down a few notes and I will tell you what I have: "that the provincial governments . . ." Should we say that the provinces or the provincial governments be notified that hearings will be held by the External Affairs committee of the House on Bill 3 "An Act respecting the Construction, Operation and Maintenance of International River Improvements", and say that if they wish to send representatives they will be welcomed by the committee? Would that be alright?

Mr. GREEN: That would be satisfactory to me, sir.

The CHAIRMAN: That would avoid the effect of inviting, because, after all, the provinces have a great care over their own autonomy, and if we send an invitation—

Mr. GREEN: The last few words of your proposal meet my point and in effect put out the welcome mat.

The CHAIRMAN: We are not inviting them; we are saying that if they care to come, they can come. If we invite them, would we not be irritating the sensitiveness of some of the provinces in having a federal committee inviting some autonomous bodies?

"That the provincial governments be notified that hearings will be held by the External Affairs Committee of the House of Commons on Bill No. 3—" "An Act respecting the Construction, Operation and Maintenance of International River Improvements", and that if they wish to send representatives, they will be welcome.

Hon. Mr. LESAGE: You had better set a day and an hour for this study.

The CHAIRMAN: We can commence the study at the next meeting on Tuesday of next week, which gives them seven days.

Mr. BYRNE: Mr. Chairman, I doubt if there is this sensitivity in the provinces, or in the officials of the provinces which would be disturbed by the wording of an invitation, and I for one would not be too concerned about it. But I do think that since this bill has application involving provinces, and in view of the serious objection that has been taken to the bill, in that it interferes with provincial rights, therefore all ten provinces may be cordially extended an invitation or as you will. I do not think that politicians are going to be too concerned about the wording. The next point is that Mr. Green suggested we should not hear General McNaughton until these people have had time to decide whether or not they wish to be present. I think there has been enough publicity regarding this bill in the past few months. Most of the provinces know something is going on in Ottawa with respect to international rivers. Surely they have decided one way or another whether they wish to attend.

It has been said that there has been more heat than light generated on this question, and with that statement I heartily agree. But we should have an opportunity, I feel quite, sure to get some light on the matter because the government will, through its officials, give evidence as to why they feel this bill is necessary. And to ask the provinces to come here without that information, perhaps, I think would be stealing a march. Therefore let us hear the technical reasons behind the action which the government has taken and let us give the provinces time to consider it and to decide whether they want to send their people here. I would like to have a little light, even more than we now have, in hearings about this subject and I would like to hear from the officials of the International Joint Commission just as soon as possible.

Mr. CROLL: Mr. Chairman, I think it would be quite disrespectful on our part if we heard General McNaughton before the provinces were notified. Some provinces know a good deal about this problem. General McNaughton will be able to develop it in such a way that we will be informed of the provincial rights involved, and I think it would be wrong for us to hear witnesses on this most important matter until the others have an opportunity to be here.

Mr. APPLEWHAITE: Before the motion is put, Mr. Chairman, I suggest that we have two questions before us: one is that of the invitation to the other provinces; and the other is when we shall hear General McNaughton. I am glad the Minister of Northern Affairs is here. We all know that most people are thinking about this general bill in connection with the proposals on the Columbia river. I would like the committee to know that this bill affects two rivers, each of which is far more important than the Columbia will ever be, namely, the Stikine and the Yukon rivers.

In so far as the Yukon is concerned, we had a somewhat similar misunderstanding some years ago in connection with the possible use of the Yukon, but which never reached the stage that the Columbia river went to. I want to make certain that when the provinces are coming here that the Minister of Northern Affairs invite the interested people of the Yukon. Their horsepower potential is larger than that of the Columbia. And I would like to be sure that they would be adequately protected. Perhaps the Department of Northern Affairs or somebody from the Yukon Territorial Council might also be invited to attend.

Hon. Mr. LESAGE: With your permission, Mr. Chairman, I would like to draw the attention of Mr. Applewhaite to the fact that the industrial resources of the Yukon are a federal responsibility and consequently they are my responsibility. I shall be attending and so shall my deputy and official representatives concerned at all the sessions of this committee and following them very closely. So you may rest assured that the interests of the Yukon will be protected.

Mr. BYRNE: Mr. Chairman, do we have a motion as to whether we shall hear the government witnesses or not?

The CHAIRMAN: No. I will read the motion that has priority. Having in mind all that has been said I have been trying to redraft. The motion as I redrafted it reads as follows:

That the provincial governments be notified that hearings will be held by the External Affairs committee of the House of Commons of Canada on Bill No. 3, the first meeting being scheduled for Tuesday March 8, at 11 A.M. should these provincial governments wish to make representations in writing to the committee or send representatives, such representations will be duly considered by the committee and such representatives will be welcome and dates will be set for hearing them.

That is the motion as it stands now. Does it agree with your views?

Mr. GREEN: I would ask that you use the wording that they will be welcome.

The CHAIRMAN: Yes, I have done so. I was thinking that perhaps they might want to make representations in writing or they might want to send somebody. So I have said "such representatives will be welcome."

Mr. GREEN: Oh, I am sorry, Mr. Chairman. I did not hear it.

The CHAIRMAN: I am sorry, Mr. Green. I have a cold and the grippe and my voice does not carry very far.

Mr. BYRNE: It has been pointed out that this committee has made some changes in its personnel for the purpose of dealing with the "International Rivers

Bill". And as the House is moving along now into the stage where committees will be sitting often, and in view of the fact that this bill has been before the House for a considerable length of time, and in view of the fact that opposition to it has been on the basis that it is restrictive of provisional rights, I am sure that the various governments are aware of what is taking place. Therefore I cannot see why we should delay for any great length of time. Furthermore, I suggest it would be an act of discourtesy to the provincial governments to hear General McNaughton a week or two weeks before them. Are we going to say to the provincial governments that we want to hear them before we hear the reason or the purpose prompting this bill? Have we a purpose for bringing in this bill or not?

The CHAIRMAN: I shall put the first question first, and that is: whether the motion, as redrafted is approved or not; and then we can go on with another proposal in order to keep the matter in order.

Mr. PEARKES: Mr. Chairman, I seconded that motion, and the changes which have been made have my concurrence. And I would suggest that notices to the western provinces be sent by wire because the weather is closing in and mailed letters may not get through promptly.

The CHAIRMAN: With the consent of the committee I will put the question, the motion as amended reads as follows:

That the provincial governments be notified that hearings will be held by the External Affairs committee of the House of Commons of Canada on Bill No. 3, the first meeting being scheduled for Tuesday, March 8, at 11 a.m. Should these provinces wish to make representations to the committee or send representatives, such representations will be duly considered by the committee and such representatives will be welcome and dates will be set for hearing them.

All those in favour of this motion please show their hands?

CLERK OF THE COMMITTEE: (*Counting*) Eighteen.

The CHAIRMAN: All those against?

CLERK OF THE COMMITTEE: None.

The CHAIRMAN: Therefore this motion is carried as amended and copy of it will be wired today by night letter to the premiers of the ten provinces.

Now, Mr. Byrne would you move that despite this we should hear general McNaughton.

Mr. BYRNE: I am just wondering if it is going to be an act of discourtesy to hear General McNaughton; and are we going to know what we have this bill for?

The CHAIRMAN: The steering committee between now and then will be sitting and I assume will set the date when witnesses will be heard. General McNaughton is the foremost expert on the problem as far as the technical side of it is concerned. Shall we say that we have the consent of the committee that the first witness in any event will be General McNaughton?

Agreed.

He will be heard on Tuesday, March 8.

Mr. KNOWLES: May I ask if you wish to have a discussion as to the hearings of any further witnesses to be called, or would you rather have that dealt with in the steering committee?

Hon. Mr. LESAGE: Perhaps I might say a few words about the witnesses you might wish to have called. General McNaughton has had experience as chairman of the International Joint Commission and in the interpretation and application of the treaty of 1909 on boundary waters. I feel that he is the man who is in the best position to give us the background of the whole

situation and I believe that has been agreed. I would point out that the deputy minister and the economists of the department of Trade and Commerce will be in attendance along with the economists of my department who will also be in attendance, as well as the officials of the water resources division and the water resources engineers. They will all be at your disposal on any technicalities. And as far as legal interpretation of the bill is concerned, I am told that Mr. Varcoe, Deputy Minister of Justice, could be heard. I have no suggestions to make. It is up to the steering committee or to the committee itself, but before hearing any witnesses it might be a good thing to be given the general background of the bill, its legal interpretation and the economic and technical factors of the bill before we go into other details. I just wanted to tell the committee who would be at your disposal, and who will give explanations on the economic, legal, and technical aspects of the bill.

Mr. COLDWELL: When you hear General McNaughton you will probably be able to decide what witnesses you want to call next.

Hon. Mr. LESAGE: That is what I thought really.

Mr. COLDWELL: It would be premature for us to decide today when you are going to have certain officials following General McNaughton.

The CHAIRMAN: I am one of those who believe a committee should decide for itself and not the steering committee. But it has been the practice to have one and General McNaughton's evidence may take more than one meeting and it might be easier for a small body of eight or nine people to decide who shall be the next witness: whether we shall have technicians from the department or whether we shall meet immediately the representatives of the Department of Justice as to the legal implications. I think the technical side should be dealt with first and the judicial side immediately after before we deal with the representations from the different provinces which are interested bodies, because we can get a thorough picture of the problem only when we have all the experts who have contributed to the drafting of this bill here before us before we can see the counterpart.

Mr. GREEN: Mr. Chairman, would the minister tell the committee which rivers his department considers to be international rivers? In the House he said there were about 20. It would be helpful if we could have a list today.

Hon. Mr. LESAGE: If I may say so I believe it would be much more satisfactory to the members of the committee—this is a suggestion—that the question of the extent of the application of the bill should be discussed by Mr. Varcoe first and then in the light of what Mr. Varcoe has said the head of the water resources division of the Department of Northern Affairs and National Resources could with maps explain to all the members of the committee which rivers in Canada do come under the Act in the light of the legal explanations of Mr. Varcoe. It seems to me it would be much more satisfactory to the members of the committee. General McNaughton's exposé, I understand, as to the general background will not have any bearing on the fine points which may come up about the selection of the rivers which are to come under the bill.

Mr. GREEN: I will put my request in this way. Will the minister give us a list of the rivers which flow from Canada to the United States.

Hon. Mr. LESAGE: Yes, but it seems to me it would be easier after we have Mr. Varcoe's explanation.

Mr. GREEN: He would not know any more about that than your department?

Hon. Mr. LESAGE: I believe it would be easier.

Mr. GREEN: This must be very carefully considered. All I am asking is that we be given a list of the rivers which flow over the border into the United States.

Hon. Mr. LESAGE: I will try to obtain that.

The CHAIRMAN: Mr. Green, you are the first one who objected to having the full general picture by General McNaughton. We should not enter into the details of which river comes in or does not come in now before we have the different provinces notified.

Mr. GREEN: I am not asking for the rivers which come under the bill because I realize there may be tributaries. What I am asking for is the list of the rivers which actually cross the boundary.

Hon. Mr. LESAGE: Which actually flow from Canada to the United States which are not boundary waters.

Mr. GREEN: Yes.

Hon. Mr. LESAGE: All right.

Mr. PEARKES: Could we have the list of the 20 rivers to which the minister referred?

Hon. Mr. LESAGE: I said approximately 20. There are many more than that, very small streams, which I did not have in mind. I think that I can supply the committee with a list of the rivers which actually flow from Canada to the United States which are not boundary waters and which are of sufficient size, but this list, I am advising the committee now, will not be exhaustive.

Mr. APPLEWHAITE: Will you include Alaska in your list?

Hon. Mr. LESAGE: Definitely.

The CHAIRMAN: Gentlemen, we will adjourn until Tuesday next at 11:00 A.M.

EVIDENCE

WEDNESDAY, March 9, 1955.

The CHAIRMAN: Gentlemen, we have with us today the Minister of Northern Affairs and National Resources who would like to make a statement to the committee. I think before we proceed we will hear him now. Mr. Minister.

Hon. JEAN LESAGE (*Minister of Northern Affairs and National Resources*): Thank you, Mr. Chairman.

Mr. Chairman and gentlemen: before the committee gives detailed consideration to the bill that is now before it, I think it might be useful if I were to outline certain proposals that I think might remove a few points of doubt that were clearly in the minds of certain honourable members when this measure was under discussion in the House of Commons.

In moving second reading of the bill, the Minister of Trade and Commerce made reference to the question of boundary waters which come within the jurisdiction of the International Joint Commission. He said at page 871 of Hansard, that the provisions of this bill "are not intended to apply to such boundary waters as the Great Lakes or the St. Lawrence River", and pointed out that "problems associated with the use, flow and levels of international boundary waters can be resolved by reference to the International Joint Commission which operates under the provisions of the Boundary Waters Treaty of 1909".

It was apparent during the discussion on second reading that some honourable members felt that the provisions of Bill 3 were not sufficiently clear on this point. They felt it was not entirely certain whether the legislation could, in its present wording, be interpreted as applying to a boundary water. It is desirable that any possible doubt on this point should be removed—not because there is any question as to federal jurisdiction with regard to boundary waters—that is beyond doubt. The point is, however, that they are felt to be adequately covered by the jurisdiction of the International Joint Commission with regard to them. I have accordingly discussed with the law officers of the Crown the question whether it might not be possible to modify the bill in such a way that there can be no doubt whatever as to its intended scope. I have been advised that this point could be made clear by an amendment to clause 7 of the bill. The present clause 7 would become subsection (a), and a new subsection (b) would be added, so that the entire section would read as follows:

7. This Act does not apply in respect of an international river improvement

- (a) constructed under the authority of an Act of the parliament of Canada, or
- (b) situated within boundary waters as defined in the treaty relating to boundary waters and questions arising between Canada and the United States signed at Washington on the 11th day of January, 1909.

I wish to advise the committee that, at the appropriate stage, I will be prepared to accept, on behalf of the government, an amendment to introduce a subsection (b) in clause 7 in the terms I have indicated.

A further point that emerged in the course of the debate in the House was that the present wording of the bill left some doubt as to the effect its passage might have on various legislative provisions in the provinces in related fields. Here, too, I think certainty is very desirable. I have discussed this problem as well with the law officers and, on the basis of their advice, the government will be prepared to accept an amendment to the bill making it clear that it will not have the effect of overriding any valid provincial legislation, except in the case of direct repugnance to the provisions of the bill or the regulations passed under it. This purpose can be effected by the insertion of a new clause 11, to read as follows:

11. Notwithstanding anything contained in this Act, any law of a province which, but for this Act and regulations, would be applicable to an international river improvement shall apply in the case of such international river improvement except in so far as such provincial law is repugnant to this Act or regulations.

There is one further point to which I referred myself during the course of my speech on second reading of the bill in the House of Commons. I mentioned then that the short title—the “International Rivers Act”—might be somewhat misleading because it suggests that the provisions of the legislation apply to a particular category of rivers as such. I think perhaps this impression may have underlain some of the enquiries with regard to the rivers that will be covered by the legislation. As I tried to make clear in my speech, the bill is not directed at rivers, as such. It is directed at particular types of works. The definition of “rivers” is important only in giving the location where a work may or may not, depending on its character, come under the provisions of the bill. Since the legislation is directed at works and not at rivers, as such, I think it would be clearer and more appropriate if the short title were altered so that the bill would be known as the “International Rivers Improvements Act”. If the members of the committee share my view that this change might make for greater clarity, I will be prepared to accept an amendment at the appropriate stage to insert the word “improvements” as I have indicated.

So that all members of the committee may have an opportunity to examine the amendments to which I have referred, the suggested new clauses have been brought together and are available for circulation.

BILL No. 3

Amendments suggested to clarify particular points

SECTION 1

Present wording: “1. This Act may be cited as the ‘International Rivers Act’.”

Proposed wording: “1. This Act may be cited as the ‘International Rivers Improvements Act’.”

SECTION 7

Present wording: “7. This Act does not apply in respect of an international river improvement constructed under the authority of an Act of the Parliament of Canada.”

Proposed wording: “7. This Act does not apply in respect of an international river improvement

(a) constructed under the authority of an Act of the Parliament of Canada, or

- (b) situated within boundary waters as defined in the treaty relating to boundary waters and questions arising between Canada and the United States signed at Washington on the 11th day of January, 1909."

Proposed new Section 11: "11. Notwithstanding anything contained in this Act, any law of a province which, but for this Act and regulations, would be applicable to an international river improvement shall apply in the case of such international river improvement except in so far as such provincial law is repugnant to this Act or regulations."

The CHAIRMAN: Have you any comments, gentlemen? Shall we carry on to the next order of business.

Hon. Mr. LESAGE: There was a request by Mr. Green I believe that a list of the rivers crossing the boundary should be supplied. In the course of the discussion on second reading Mr. Green I believe asked me, or a member of the House asked me, how many rivers crossing the boundary would be affected by the bill. I said that I thought there were about 20 principal rivers. We have checked carefully and I have now for distribution representative lists of rivers crossing the international boundary from Canada into the United States. This list comprises about 40 rivers. It includes some rivers which are much smaller than what I had in mind at the time I gave my estimation as to the number being 20. As a matter of fact the only waters which have not been included is a number of small streams which have been omitted from the list which I have for distribution.

Representative List of Rivers Crossing the International
Boundary from Canada into the United States

From Yukon Territory into Alaska

Porcupine River, Black River, Yukon River.

From Yukon Territory into Alaskan Panhandle

Alsek River (through British Columbia).

From British Columbia into Alaskan Panhandle

Kelsall River, Chilkat River, Taku River, Whiting River, Stikine River, Unuk River.

From British Columbia into Washington

Skagit River, Similkameen River, Okanagan River, Kettle River, Big Sheep Creek, Columbia River.

From British Columbia into Idaho

Moyie River.

From British Columbia into Montana

Yahk River, Kootenay River, Flathead River

From Alberta into Montana

Milk River, Sage Creek.

From Saskatchewan into Montana

Lodge Creek, Battle Creek, Frenchman River, Poplar River, Big Muddy Creek.

From Saskatchewan into North Dakota

Long Creek, Souris River.

From Manitoba into North Dakota

Antler River, Pembina River.

From Manitoba into Minnesota

Pine Creek, Sprague River.

From Quebec into Vermont

Missisquoi River.

From Quebec into Maine

Daaquam River, Northwest Branch of the Saint John River, Big Black River, East Lake (Chimenticook River), Little Black River.

NOTE:—A number of small streams have been omitted from the above list. Streams which form part of the international boundary have not been included: all of those listed have drainage in Canada crossing the boundary to enter the United States.

I have also with me for distribution a list of the boundary waters between Canada and the United States as defined in the preliminary article of the Boundary Waters Treaty dated the 11th of January, 1909, of their principal Canadian tributaries. This paper which is ready for circulation gives the definition of boundary waters as it is in the treaty of 1909. Then, there is an explanatory note which reads as follows:

The list of boundary waters is exhaustive from Lake of the Woods to the Atlantic Ocean. Small sections of rivers in the west have been omitted because they do not create any difficulties under the present bill. Only the principal tributaries to boundary waters have been listed. Finally, the tributaries to the tributaries have not been included.

May I suggest, gentlemen, that at this stage this list, and the other, be included in the printed report with the qualifications which are printed with the lists.

Mr. RICHARD (*Ottawa East*): I move they be included in the minutes.

The CHAIRMAN: Moved and agreed.

List of Boundary Waters between Canada and the United States, as Defined in the Preliminary Article of the Boundary Waters Treaty dated 11 January 1909, and of their principal Canadian Tributaries.

Boundary Waters Treaty—PRELIMINARY ARTICLE

“For the purposes of this treaty boundary waters are defined as the waters from main shore to main shore of the lakes and rivers and connecting waterways, or the portions thereof, along which the international boundary between the United States and the Dominion of Canada passes, including all bays, arms, and inlets thereof, but not including tributary waters which in their natural channels would flow into such lakes, rivers, and waterways, or waters flowing from such lakes, rivers, and waterways, or the waters of rivers flowing across the boundary.”

Explanatory Note. The list of boundary waters is exhaustive from Lake of the Woods to the Atlantic Ocean. Small sections of rivers in the west have been omitted because they do not create any difficulties under the present bill. Only the principal tributaries to boundary waters have been listed. Finally, the tributaries to the tributaries have not been included.

Boundary Waters
Between British Columbia and Alaska
Panhandle
Portland Canal

Principal Tributaries to
Boundary Waters

*Boundary Waters**Principal Tributaries to
Boundary Waters**Between Manitoba and Minnesota*

Lake of the Woods

Buffalo Bay

Between Ontario and Minnesota

Northwest Angle Inlet

Lake of the Woods

Rainy River

Pinewood River

Sturgeon River

Lavallee River

Rainy Lake

Manitou River

Turtle River

Seine River

Rat River

Pipestone River

Namakan River

Namakan Lake

Namakan River

Sand Point Lake

Little Vermilion Lake

Loon River

Loon Lake

Lac La Croix

Maligne River

Bottle River

Bottle Lake

Iron Lake

McAree Lake

Crooked Lake

Basswood River

Basswood Lake

Sucker Lake

Birch Lake

Carp Lake

Melon Lake

Seed Lake

Portage Lake

Knife River

Knife Lake

Cypress Lake

Swamp Lake

Saganaga Lake

Saganagons Lake

Northern Light Lake

Maraboeuf Lake

Round Lake

Granite Bay

Granite River

Granite Lake

Pine Lake

Pine River

Magnetic Lake

Gunflint Lake

Little Gunflint Lake

Little North Lake

North Lake

*Boundary Waters
Between Ontario and Minnesota*

South Lake
Rat Lake
Rose Lake
Watap Lake
Mountain Lake
Lily Lakes (Fan Lake)
(Vaseux Lake)
Moose Lake
North Fowl Lake
South Fowl Lake
Pigeon River

Lake Superior

*Between Ontario and Wisconsin
Lake Superior*

*Between Ontario and Michigan
Lake Superior*

Whitefish Bay

St. Marys River
Lake George
Munuscong Lake
Potaganissing Bay
Lake Huron

St. Clair River
Lake St. Clair

*Principal Tributaries to
Boundary Waters*

Arrow River

Pine River

Kaministiquia River
Current River
Black Sturgeon River
Nipigon River
Aguasabon River
Little Pic River
Pic River
White River
Michipicoten River
Agawa River
Montreal River
Batchawana River

Goulais River

Thessalon River
Mississagi River
Spanish River
French River
Pickerel River
Magnetawan River
Shawanaga River
Severn River
Nottawasaga River
Beaver River
Sydenham River
Saugeen River
Maitland River
Bayfield River
Ausable River

Sydenham River
Thames River

Detroit River
Lake Erie

Between Ontario and Ohio
Lake Erie

Between Ontario and Pennsylvania
Lake Erie

Between Ontario and New York
Lake Erie

Niagara River
Lake Ontario

St. Lawrence River

Between Quebec and New York
St. Lawrence River

Between Quebec and New Hampshire
Connecticut River

Between Quebec and Maine
Saint John River (Southwest
Branch)

St. Francis River
Beau Lake

Between New Brunswick and Maine
St. Francis River
Glazier Lake
St. Francis River

Saint John River

Monument Brook
Chiputneticook Lakes
St. Croix River

Otter Creek
Big Creek
Grand River

Welland River

Humber River
Trent River
Moirs River
Salmon River
Napanee River
Cataraqui River

Gananoque River

Blue River

Baker Brook
Madawaska River
Green River
Quisibis River
Siegas River
Grand River

The CHAIRMAN: Now, gentlemen, I suppose we will wait until we come in the bill to each of the items mentioned before these suggested amendments might be made. I thought first we should have them proposed as of now to try to get a new printing of the bill to include them, but I am told it is not the practice, at this stage. So, when we come to each of these articles it will

be time to look into the minister's proposal. In the meantime I will take it upon myself, with your consent, as a matter of courtesy to send copies to the provinces who have been notified of our proceedings. A copy of this statement by the minister will be sent to all the premiers of the provinces by mail so that they can consider the prospective amendments in connection with the bill as it stands now for fear that it might take some time before we can get a printing of this evidence and send it. With your consent I will send it by airmail tonight to all the premiers.

Agreed.

Any questions as to the legal interpretation of the bill or the new amendments might be left until such time as the Deputy Minister of Justice, Mr. Varcoe, is available to the committee on the bill in general and the prospective amendments thereto.

So, with your consent I will pass to the second order of business which is the notice that we have sent last week to the different provinces. Now, as you recall there was a proposal, a counter-proposal and finally a motion was adopted by the committee to notify the provinces.

I will read to the committee for the record the telegram I sent to all the premiers of the provinces together with the answers we have received in the order of their reception and also having in mind what may be the consequence of one or the other of the answers we received. That same night Tuesday, March 1st ten telegrams were sent out. The one addressed to Mr. Duplessis was a French translation of the one I am reading now:

OTTAWA, March 1, 1955.

Bill 3 of the House of Commons of Canada an Act respecting the construction, operation and maintenance of international river improvements was referred to the standing committee on external affairs for study and consideration. The committee at its first meeting has adopted the following resolution

That the provincial governments be notified that hearings will be held by the external affairs committee on Bill 3 the next meeting being scheduled for Wednesday March 9 at 3.30 p.m. Should the provincial governments wish to make representations in writing to the committee or send representatives such representations of which 50 copies would be appreciated will be duly considered and such representatives will be welcome and dates will be set for hearing them.

Copy of said bill is airmailed today. Dates for further meetings of committee might be arranged to suit the convenience of provincial representatives.

L. PHILIPPE PICARD,
Chairman.

The first answer I received was from the Premier of British Columbia which reads as follows:

March 3, 1955.

L. Philippe Picard, Chairman standing committee, on External Affairs, Parliament Bldgs., Ottawa, Ont.

Your telegram of March 1 received on March 2 is acknowledged with thanks the government of British Columbia welcomes the opportunity now afforded by your committee to make known its views on Bill No. 3. It is our desire that arrangements be made

permitting the Minister of Lands and Forests and attorney general together with certain technical advisors to appear. It appears that our legislature may be sitting for some weeks and further that some time will be required for the purpose of composing briefs for submission therefore I suggest that this province's representations be scheduled for April 6, 1955.

W. A. C. BENNETT,
Premier of British Columbia.

Now, the second day after I received this wire, I received a private telephone call from an official of the British Columbia government stating that they had not set the day of April 6th in order to embarrass us because it was the date we were supposed to adjourn for the Easter recess. But it had not dawned upon them at that moment that it might be so.

So, without making any commitment one way or the other, because I could not speak for the committee, the idea was expressed that we might receive them after the Easter recess for consideration of their representations or their brief, and to hear their representatives.

A suggestion was made that we should decide to go ahead as I more or less intimated it might be the wish of the committee; and it was said that there was no objection to that, but that we could give them special consideration in the way of bringing back any witnesses which they might want and which we would have heard, and whom they might want to bring back before us.

Without committing the committee, I said that I would submit the proposal to the committee. So, on March 8, the following telegram was sent from Victoria by the Premier of British Columbia. It reads as follows:

Victoria, B.C., March 8, 1955

L. Philippe Picard,
Chairman, Standing Committee on External Affairs,
Parliament Buildings,
Ottawa, Ontario.

Reference is made to my telegram of March 3 replying to your telegram March 1 re hearings before standing committee on External Affairs in respect Bill Number 3 of the House of Commons of Canada. In view possibility your committee rising for Easter recess I now suggest this province's representations be scheduled for April 26, 1955. If provision made for recalling any witnesses whose testimony may be pertinent to this province's submission this government has no objection your committee in the interim proceeding with hearing of other witnesses. Will you please confirm.

W. A. C. Bennett, Premier of British Columbia.

That is the most positive of the telegrams I have received. I wonder if we could not take a stand on this now, or do you want me to read the whole of them? This is the only positive stand we have and since it is a definite request for us to act on it, the others might fit in afterwards, after I read them, if we take action on this one.

The point is this: we might, as they themselves suggest, agree to it. Further with respect to my conversation over the telephone, we could go ahead with our work and if—I do not want to suggest it to the committee—but if I might say so, we might go ahead with our plans and hear all our evidence and if concluded, as we hope before the Easter recess or adjournment,

then our evidence from day to day would be printed and would be air-mailed to each of the premiers and they would be in a better position, coming after the recess, to make whatever representations they wished to make. I think it might just be a courtesy on our part to agree with them, but I am in the hands of the committee.

Mr. CROLL: Mr. Chairman I move that the committee now fix the date of April 26 or 27th, subject to the right to recall any witnesses who have already been heard or that are requested to be recalled.

Mr. CANNON: Mr. Chairman, could I ask a question? Do the other provinces not want to be heard before April 26?

The CHAIRMAN: You are coming to another question. If we solve this one first, the other ones will fit in and we can answer provinces who ask: "When can we come?"

If we decide on this one according to Mr. Croll's proposal, the others might follow and we might have all of them so as to arrange their evidence in sequence. They would then have the same opportunity as British Columbia to read the evidence given before the committee. So if you will decide on this one, the others might fit in perfectly well.

Mr. MACINNIS: Mr. Chairman, there is just one matter troubling me in this arrangement. It is that if we proceed with the consideration of the bill, the committee will already have made its decision. It seems to me that we are making a decision which might afterwards have to be changed when we hear the representations of the British Columbia delegation. If the representations made by the British Columbia delegation are not going to be given full weight—and surely that is not the idea of the committee—then I think they should be heard before we deal with the various sections that the representations will apply to.

As everyone knows I have supported the bill and have expressed the hope that it would be made available to be debated. But if we are going to have representations from the provinces, those representations should be made at a time when they will have the effect they are supposed to have in our consideration of this measure.

The CHAIRMAN: That was the intention, Mr. MacInnis. The intention was that we have evidence given by the federal authorities, the waterways commission, and officials of the Justice Department who would come before us, but that we would not reach our conclusion. We would not prepare a report. Then when we have one side of the evidence in, we would adjourn for the Easter recess, following which we would then hear the provincial representatives. After that we would get together to consider what we could do after having heard both sides. I do not want the committee to come to a quick solution on the bill. We just want to adduce one side of the evidence to save time and not bring in a report, but just wait and adjourn and hear the provincial representatives after the committee would be in a position to discuss the evidence, having regard to the evidence on both sides.

Mr. MACINNIS: I am satisfied as long as it can be done so that it will be quite clear that we are dealing with them in good faith.

The CHAIRMAN: I think that is the hope of everyone.

Mr. MACINNIS: And with an indication of the utmost consideration for the people of British Columbia; then I would have no objection; but it must be done in that way.

Hon. Mr. LESAGE: There is no intention by the government to rush the committee to a conclusion.

The CHAIRMAN: And there is no intention that the committee should be rushed either, by the government. I add that, as chairman of the committee, so as to give evidence of our autonomy. The point is, could we not reach an agreement that we get on with the evidence that we are ready to put on the record?

Mr. RICHARD (*Ottawa East*): Question!

The CHAIRMAN: And then adjourn until the other side is heard. The point of Mr. Croll's motion is that the views of the British Columbia Government be given on the 26th or 27th of April, and that in the meantime we go on with our work as we have it scheduled. Is that agreed?

Agreed.

The second answer I received was from the Premier of the province of Quebec. I have not got any official translation so I shall do it as is. He says:

I have received your telegram advising that Bill Number 3 entitled an act respecting the construction, operation and maintenance of international river improvements was referred to the standing committee on external affairs for study and consideration. I have equally received a copy of the bill which you were kind enough to send me for which I thank you.

Your telegram and the bill will be submitted to the members of the executive council of the province at its first reunion; and furthermore we have asked for the opinion of our legal advisors.

I shall be able to communicate the opinion of the government of the province somewhat towards the end of next week. That might be towards the end of the present week.

So the matter stands this way: a copy of the minister's statement made today will be air mailed; a French translation of this will be air mailed tonight to Mr. Duplessis.

The next answer came from New Brunswick in the form of a letter which reads as follows:

The Premier
Fredericton

The Government of the province of
New Brunswick

March 2nd, 1955.

Mr. Philippe Picard,
Chairman,
Standing Committee on External Affairs,
Ottawa, Canada.

Dear Mr. Picard,

Your wire of March 1st in connection with Bill No. 3 has been received, and I wish to thank you for your courteous notification.

This is to advise that we will be in further correspondence with you within a few days regarding this matter.

Again thanking you, and with kind regards.

Yours sincerely,

(Signed) Hugh John Flemming.

A few days later I received a wire which reads as follows:

March 8, 1955

Philippe Picard,
Chairman,
External Affairs Committee,
House of Commons, Ottawa.

Reference Bill 3 respecting international river improvements. What date may New Brunswick be heard before committee?

W. J. West Attorney General
Province of New Brunswick

Now we come to the point whether we might give them a few days ahead, or about the same time as the other submissions to be given. We might say a few days ahead, or the committee might agree. If you would consent, we might—or I might advise the Premier of New Brunswick that it would be about the week of the 18th, let us say, or the 21st or 22nd, before British Columbia, or immediately after, should we so think at that time. But anyway we should let them know as to the procedure that was adopted according to Mr. Croll's motion. Is that agreeable to the committee?

Mr. FULTON: Mr. Chairman, before we make a statement of a date, should you not read all the telegrams in order to help the committee to arrive at a decision? Could you tell us from what provinces you have heard so far?

The CHAIRMAN: If you will permit me to carry on, I shall get to that in the next few minutes. That information will come in due course. We started with British Columbia; then Quebec; and now New Brunswick. I know your point very well and I am coming to it if you will only be patient. I think we would be in better sequence if you would allow me to proceed.

Mr. FULTON: I did not understand. I thought you said that you wanted us to set dates.

The CHAIRMAN: No, not for every one. One province has proposed a date and we accepted it. Another one said: "When do you want us to come?" and we are about to decide whether it will be immediately before or immediately after as we proceed with the evidence. The committee will then be in a better position to say whether we want them to come on the 22nd or the 28th. I think we might leave that until after I come to the other provinces.

The next one is from Saskatchewan and the telegram reads as follows:

1955 March 4 PM 7:30
Regina, Sask.

L. P. Picard MP
Chairman External Affairs Committee on Bill Three
House of Commons, Ottawa.

Reur telegram March 2, 1955 wish to advise that government of Saskatchewan protests being asked for opinion on Bill 3 after it has been prepared, printed and placed before the House of Commons. Adequate study of this proposed bill cannot be made before next meeting of your committee. Therefore, requests that further action on this bill be withheld until such time as Saskatchewan's representations are prepared and placed before the government of Canada.

T. C. Douglas—Premier of Sask.

Maybe we will send all the evidence produced before the committee; we will send all the printed data and the minister's suggestions. It may be that between now and the 27th of April the government might want to send representatives or make representations. But I do not think there is much which I, as chairman of the committee, or the committee itself can answer. A copy of that telegram will be sent to the Prime Minister, so that he might expect some representations from the government of Saskatchewan.

The next answer was from Nova Scotia. It reads as follows:

Halifax, N.S.

March 8. 12:36 pm

L. Philippe Picard,
Chairman Standing Committee on External Affairs,
House of Commons, Ottawa.

Retel March 2nd to Premier Hicks while I believe the constitutional validity of the proposed act is questionable I do not feel that the present is the proper time nor your committee the proper forum for the making of representations. I am not prepared at the present time to indicate what stand Nova Scotia would take in the event of an act being passed along the lines proposed and that act subsequently coming before the courts. Nova Scotia will accordingly not plan to appear before or make representations to the standing committee on external affairs.

M. A. Patterson, Attorney General.

Those are the five answers received up to now.

Now, gentlemen, shall we proceed as I have suggested and send the minister's statement of today and copies of the evidence to the different provinces, whether they have answered or not and whether they have indicated that they are coming or not, so that they may be informed from day to day, as soon as the reports are published?

If that is agreed, gentlemen, could we proceed as we indicated we might at the previous meeting and have as our first witness today General McNaughton, who will give us a general outline of the problem, during which I think that we should decide that there will be no questions. I know that the General can accept any question at any time, but in order that we may have a sequence and will not be sidetracked into this or that problem or down or up this or that river, I should like the committee to accept my suggestion that we let General McNaughton speak without being interrupted, at least today. He is available to us again tomorrow morning and tomorrow afternoon. So, in order to get a proper picture, I thought that we should let the General go ahead today. I think that everybody will cooperate with me and notes will be taken of everything said that might be of interest to any member. The General will be available, not only tomorrow morning and afternoon, but even on Friday morning if we have not finished with him by tomorrow morning or afternoon. With that assurance, could I expect the cooperation of the committee today in having only the presentation by General McNaughton himself? Is that agreed?

Agreed.

I shall not make a long presentation of the General. I think that he is so well known to all members of the committee that I do not have to praise him or give an outline of his career.

General A. G. L. McNaughton, Chairman, Canadian Section, International Joint Commission, called:

The WITNESS: If we could have the maps and diagrams which we brought opened up, it would be helpful to the committee.

The CHAIRMAN: We have two easels in the back. As the General proceeds, members can just turn slightly and look at them. We have placed them in the best position that we can.

Hon. Mr. LESAGE: There are additional copies of the maps which could be placed on the tables, if that will make it easier.

The WITNESS: Mr. Chairman and Gentlemen:

In appearing before you today it has been suggested that you would wish me to take up the problems of water and its allocation and use in the Columbia basin and in the regions adjacent thereto so as to furnish you with examples of the specific practical questions and difficulties which are current at this time and for which the International Joint Commission, in consultation with the state and provincial governments in the region, the experts of the two federal governments, and other interested parties, is endeavouring to find acceptable solutions.

I am aware that the bill before the committee for consideration is general in its application, and I understand that the suggestion to make use of the Columbia as an example is not in any way exclusive as implying either that your interest was restricted to that region or that in the IJC we had no difficult problems elsewhere to talk about and use as examples, for indeed we have these in plenty.

Certainly I am very pleased to follow this suggestion and it will I hope lead to an interesting discussion by reason of the very immensity and complexity of the questions which have been raised in that region, and of the far ranging effects and consequences which they carry in their train. Moreover, the problems of the Columbia are now much in the public mind and provide excellent examples of the kind of issues which arise and thus your suggestion gives me an opportunity to develop and describe the methods of approach which are open, as well as to indicate those which are *not* by reason of having been closed to us by the prior actions of others.

On 7 May last year I had the privilege of appearing before this committee to give you an account of progress in various matters in which the International Joint Commission was engaged. By your questions on that occasion you directed the discussion principally to the Columbia and as you wish me to continue to deal with this same region today I think it might be useful as a beginning to summarize the position on the various aspects of the matters at issue as they then stood. This so that I may bring to notice most particularly the important changes and developments in the fast moving situation which have since taken place.

In our discussion last year we dealt very fully with the question of the downstream benefits which may be derived from the storage of flood water and its later release in regulated flow during the period of the year when the rivers are naturally low and power plants downstream are in urgent need of more water to meet the high demands of their winter peak loads.

In the basin of the Columbia in Canada the possible capacities for storage of these flood waters, though not beyond our foreseen needs, are nevertheless very considerable. Most fortunately the locations where these storages can be developed are generally very conveniently placed topographically and more fortunately they are mostly at high altitudes. In consequence the amounts of energy which nature makes it possible to store and to release at will is literally

immense. From one project alone, which I briefly described—Mica—I mentioned that one use of the 10·5 million acre-feet which could be stored there annually, even in a year of minimum flow, if used downstream in the plants along the Columbia in Canada and the United States which will eventually be built, would enable the production of more than 20 billion KWH of electrical energy. This figure is about double that which will come from the United States and Canadian plants, both taken together, at Barnhart on the St. Lawrence now under construction under the commission's order of 29 October, 1952, to serve the state of New York and the province of Ontario.

I drew especial attention, I recall, to the characteristic of the rivers of the Columbia basin which all depend on ice melt in summer for their flows and which shrink to a small fraction in the cooler season from September through March of the next year. This is a characteristic which means that to meet the high winter loads dependence must be placed either on steam, which is several times as expensive as hydro, or on storage, which is quite inadequate in the U.S. portion of the basin.

I spoke also of favourable opportunities for generation of power at a number of sites, mentioning particularly Mica, Priest Rapids and the Little Dalles on the Upper Columbia between the Big Bend and Revelstoke. At these sites a large block of very cheap power running to over 2½ million kilowatts of installed capacity can be developed.

I referred to the United States project to build a dam on the Kootenay in Montana near the town of Libby, mentioning that this application had been withdrawn for the stated reason that the site selected had been found to involve unduly large damages to railway and forestry interests in Montana. This project is one in which we are invited to present, that is, to make a gift to, our friends to the south of the line of the rights in perpetuity to a large flow of Canadian origin capable of being used in Canada. By this action if we should take it, we would divert a resource of very great value from ourselves to the service of industry in another nation.

I mentioned the Columbia Basin Compact in which Montana, Idaho, Washington, Oregon, Utah and Wyoming are members, and I indicated that this seemed to represent a forward move in recognition of the rights of an upstream state to share equitably in the downstream benefits of storages created in their territory which would regulate flow in the interest of downstream power sites. On the other hand, I reported that the Canadian commissioners had not been able to persuade our colleagues in the IJC in the Libby case to agree even to discuss any recompense whatever for the resources of Canada in the way of head and flow which were to be used in that project, if it were undertaken. I indicated also, clearly I hope, that the Canadian commissioners had been equally firm and that there would *not* be consent to the dedication of the waters of the Canadian Kootenay to the Libby project under any such unequitable arrangements.

Now, in accordance with a specific reservation made by the government of Canada, we have informed our colleagues of the United States Section of the International Joint Commission that a study of an alternative use of the flow of the Kootenay north through Canal Flats to Columbia Lake and down the Columbia, had been placed in hand with a view to finding a way by which the Canadian resources in question might be conserved for Canada. I hope to give you a summary of the results to date of those studies. Meanwhile, may I say that my colleagues and I were very much heartened and encouraged by the support which this committee expressed for the point of view which we had put forward of Canadian rights to downstream benefits, and which views were later endorsed by the House of Commons in its acceptance, unanimously, of your report last year.

Last year we thought, with I think good reason, that the terms of the Columbia Basin Interstate Compact, as the draft then read, would provide a useful example or precedent in asserting our views as an upstream nation as to the high value of storage and of regulated flow therefrom. It appears that others also sensed this significance in the wording which had been included in the earlier drafts. Now the controversy between upstream states and downstream states continues and in the result we already know that certain of the state legislatures have put the matter over until their next biennial meetings. That is, no positive steps will be taken for at least two years.

And so the compact ceases to be a practical issue except that very recently it has been incorporated as a possible end result in a new approach. This is the formation of a Columbia Basin Regional Power Corporation on the lines of the St. Lawrence Seaway Development Corporation. The new corporation would be an immense affair set up to handle extensions to power facilities in Montana, Idaho, Washington and Oregon in amounts running into the billions of dollars which would be raised by the issue of tax exempt revenue bonds following the pattern of the New York Port Authority and the various throughways or turnpikes.

Turning again to Libby, may I mention that we now have the new Application (May 1954) from the U.S. Secretary of State, Mr. Dulles. This does not seem to represent any more favourable approach to the problem of an equitable division of benefits. The reply made by the government of Canada indicates we will not be prepared to go on with the discussion until we know the possibilities of the Kootenay diversion, among other matters.

And last year, as I will again need to do today, I mentioned Article II of the Treaty of 1909 which provides, in the case of rivers flowing across the boundary, that an upstream state has full sovereign authority within its territory to divert any such stream and use the water elsewhere as it may wish, subject only to the condition that if it did so then anyone in the downstream state who was injured thereby could have access to the courts of the upstream state for redress. In consequence, I suggested that in giving consideration to the diversions of such waters we had need to pay the closest regard to the legal rights which had come to be established under the water law in force in the particular region in question. I have sought to emphasize in my remarks on numerous occasions that on every consideration of comity between nations and regard for law and custom and equity we should be very careful to respect such rights which are fundamental to the Treaty of 1909 by which both the United States and Canada were bound.

We are indeed as yet in the very fortunate position that under the strict interpretation of the law we may hope to be able to conserve our rights to use the greater part of the water resources of Canadian origin, but in the Canadian Section IJC we are well aware that with the increasing taking into use of these waters south of our boundary, our margin of freedom becomes less evident as time passes.

These I think were the principal matters related to the Columbia basin on which I endeavoured to comment in the answers to the questions which were put to me last year, and so, Mr. Chairman, if the committee agrees, I will now go on to give an account of the further developments in the situation which have since come to pass in that region.

The International Joint Commission is concerned with the Columbia basin primarily by reason of the reference made to the commission by the governments of the United States and Canada under date of 9 March, 1944.

May I mention, Mr. Chairman, that a reference to the IJC is a procedure under which action is taken to implement the provisions of the Treaty of 1909, and accordingly it is of interest to note the method by which authority

has been organized to satisfy on the one hand the requirements of the Constitution of the United States, and on the other, in Canada, to accord with the provisions of the British North America Act by which the conduct of all matters external to Canada are left to the responsibility of the federal government, but in relation to aspects of the same matters within Canada the provinces also have specific duties and responsibilities.

Mr. Chairman, I table copies of the reference of 9 March, 1944, which for convenience you may wish to distribute to the members and to include as an appendix to the record.

This agreed reference requires that the commission in the Columbia "shall determine whether in its judgment further development of the resources of the river basin would be practicable in the public interest". To carry out this mandate comprehensive studies of all possibilities from all points of view are required. Domestic water supply—navigation—hydro-electric power—flood control—irrigation—reclamation—conservation of fish and wildlife—are all stated, and to make abundantly certain that nothing is overlooked there is added "and other beneficial public purposes."

On the completion of the studies the commission is to make a report to the governments of Canada and the United States giving its recommendations. May I mention that this reference is an agreed document not only as between Canada and the United States but also, in our case, as between the government of Canada and the government of the province of British Columbia, which, it was stated in parliament by the Prime Minister at the time, had been consulted at all stages. That government was invited to be represented on the Columbia Working Committee, and it appointed as liaison officer one of its senior officials who has worked with the IJC's Columbia River Board for many years. It has been the concern of the Canadian commissioners to ensure that all relevant information as it was obtained was promptly made available to their officers, that is, to the officers of the British Columbia government. May I mention also that substantially all the costs of the investigations and studies are being defrayed from votes provided by the parliament of Canada.

By 1944, the date of the reference, in the United States the authorities already had a very extensive knowledge of the water resources of their part of the basin and of the uses to which these resources might be put. In point of fact they had already made considerable progress in the development of a number of power sites, irrigation projects and the like, and the U.S. army engineers, working with the U.S. Bureau of Reclamation, had evolved at least the elements of a long term plan for the systematic bringing into use of the resources which they thought would be available, including the flows which might come to them from Canada and the inundation of some of our valleys to make reservoirs to their advantage. This is foresight and I take no exception to this exercise of initiative by our friends in their planning. It is a Canadian responsibility—not theirs—that we should assess the value of these resources and require due recompense if indeed we are to consent to their use to someone else's benefit at all.

In Canada in 1944 our situation was far different from the well-understood and well-planned basis for expansion which had been created in the United States. We did not even have accurate topographic maps of the region on which to plan—we had only rudimentary knowledge of run-off and levels and flows. We knew little about potential dam sites for power and storage—and less about the nature of the rock and its suitability for tunnels and foundations—we could not even say with accuracy what area would be flooded by a dam to a given crest elevation—or indeed how much water would be impounded behind it.

In consequence the first thing for the Canadian Section, International Joint Commission, to do was to put in hand the investigations which would yield the information essentially required. These were in large part undertaken by what is now the Water Resources Division of the Department of Northern Affairs and National Resources.

I understand the minister has already given to the House of Commons an account of the expenditures which have been made, so I will pass directly to the results which have been obtained.

Present
maps of
Columbia
etc.

This volume, contains the topographic maps produced to date by the Department of Mines and Technical Surveys under arrangement made by Water Resources Division, and I am sure that if members of the committee will examine them they will agree that the product is of the highest excellence. The present state of the mapping program is depicted on the index sheet.

This is all topographical information, and in addition the Water Resources Division have gathered patiently the great mass of detailed hydrological data required for an intelligent study—about precipitation in the forms of rain and snow—about evaporation and run-off—about the flow of the rivers and streams and how it varies with the seasons and from year to year—about dry periods and flood conditions, and the damage thereby caused.

Then the Mines branch has collected the geological information which is basic to a study of possible dam sites, and the Fisheries Department have studied fish and what can be done and what must *not* be done if this important resource is to be maintained.

And with the Agriculture experts, studies have been made of the possibilities for irrigation and so on.

We feel that about two more years of field work lies before the various agencies, and then after that about one and one-half years for the compilation, the writing and the editing of the reports.

Meanwhile, as we come to know the water resources of the basin and their disposition, it is becoming possible to select the projects of greatest promise and from these to gradually evolve a general plan of their use to the best advantage of the province and so of Canada, and to bring to light what we might do in association with the United States without compromise of our interests and provided of course that proper recompense is forthcoming. And already we can, with confidence, indicate certain projects which will definitely be included in such a plan in the recommendations which we will give to governments in due course.

In the Columbia basin the boundary cuts across the flows of all the principal rivers and many of their tributaries. Some like the Columbia itself rise in Canada and flow into the United States; others like the Pend d'Oreille have their principal sources in the United States, flow into Canada and then back to the United States; another, the Kootenay, rises in Canada, flows in a big loop through Montana and Idaho, then returns to Canada and afterwards its waters flow again into the United States.

In consequence of this intricate pattern of boundary crossing and re-crossing the provisions of Article II of the treaty of 1909 are of fundamental importance. We have given this clause very close consideration in the Canadian section IJC and I will have more to say about it if, after I have put before you the engineering possibilities, you should wish me to go into the legal aspects and the treaty provisions which determine what can in fact be done.

For our purpose at the moment I would merely say that Article II of the treaty leaves the sovereignty of Canada over the waters in question undiminished, and since we propose to give full regard to the lawfully established rights of interests in the United States we feel that we have full authority to carry out the diversions and rearrangements of flow which I will describe.

May I now turn for a few minutes to the topography of the Columbia and adjacent basins to give you a brief account of how the rivers flow and what they can be made to do in the service of man, and most particularly of Canada.

If the officers by the map would kindly indicate the flow of the Kootenay which rises high up on the continental divide near the boundary between British Columbia and Alberta and flows south past Canal Flats and Fort Steele down to the boundary at Newgate, where it enters the state of Montana, swings in a double loop past Libby, the site of the proposed dam, past Katka, another site, through the Creston Flats into the Kootenay Lake, down the West Arm and then down the river from Nelson towards Castlegar where the Kootenay joins the Columbia.

Then we have the Flathead, another great river which rises to the west of the Waterton Lake National Park, inside British Columbia, then passes towards the boundary, then flows south past Hungry Horse which is on the south fork of this Flathead River, then into Flathead Lake, further south, then west to join the Clark Fork which flows into Pend d'Oreille Lake and out of Pend d'Oreille Lake comes the Pend d'Oreille River which flows north, crosses into Canada, and for some 16½ miles flows a few miles north of the boundary, dropping in the process some 450 feet, enters the Columbia a half mile north of the boundary and then flows across the Columbia down into the Grand Coulee reservoir.

Then, in the south we have several important rivers such as the Spokane which enters the Columbia River and supply a very considerable amount of water. We have also the Colville River and a number of small tributaries. Further west in the Columbia Basin is the Okanagan which flows south through Osoyoos Lake to join the Columbia just below the great project the Americans are working on at Chief Joseph. Joining the Okanagan, is of course, the Similkameen which is some 8 times larger in total flow than the river to which it is put on the maps as a tributary. Then, further south the principal rivers are Wenatchee, Yakima and Priest. We do not go below the Priest River district because we are not concerned that far downstream.

May I draw your attention, gentlemen, to table I which has been distributed with the other documents. This shows the existing and planned hydro-electric power plants on the Columbia and its tributaries in the United States north of the Snake. The first column gives the river on which the power sites are situated, the second column the name of the site, the third column existing and under construction, and then there is a column of future additions, and a last column which gives the total. We are at the moment concerned with the existing and under construction, and I would like to mention that the total of that column is 7,014,000 kilowatts.

A thing which is worthwhile mentioning is the possibility of the extension of the Grand Coulee Dam. The present level of the Grand Coulee reservoir has an installed capacity, as I understand it, at the moment, of 1,944,000 generating kilowatt capacity. The thought has been to add a third powerhouse with a capacity of 977,000 kilowatts, but it has been said recently that this would not be justifiable with the upstream storage available at the present time, but it would be put forward immediately if we were to consent to the use of the water stored at Mica Dam, for example, going across the boundary.

In table 2 is the situation in respect to storage in the United States portion of the Columbia Basin north of the Snake.

It has been stated that for the present installed capacity and under construction of about 7,014,000 kilowatts on the U.S. portion of the Columbia basin some 20·0 million acre feet of annual storage is required for efficient operation, in Canada, starting with Bull River on the Kootenay—I am going downstream—the next site is Dorr which is a few miles above the boundary and then we swing in the American section of the Kootenay where Libby and Katka would be built.

The next item is Duncan Lake which is a lake emptying in to the north end of Kootenay Lake where we feel there is a possibility of creating storage for 1,000,000 acre feet, and then Kootenay Lake itself where at the present time, under an order of the International Joint Commission, there is six feet storage on that lake which represents considerable water, to the tune of 3 or 4 million acre feet. There is a possibility of the addition of another 3 feet which would add 375,000. The developed head is some 360 feet with 263,500 kilowatts of installed capacity by the West Kootenay and Cominco with an additional 13,000 belonging to the city of Nelson, making a total of 276,500.

Going further north you come to Luxor where a dam of some 73 feet might be built which would justify an installed capacity of 40,600 kilowatts using Columbia waters only. Then you come to Donald Canyon where the capacity installed might be 82,500 and then to Mica where the usable head at full reservoir is 563 feet with an installed capacity of 1,100,000 kilowatts.

I would like to mention at this point that the figures of installed capacity which are included in this table are very conservatively stated.

Below Mica is Priest Rapids which would have a capacity of 650,000 kilowatts. Little Dalles, a little further downstream would have a capacity of 350,000, and the next site of any consequence is at Murphy Creek just to the north of Trail and below the Arrow Lakes. We are not in a position to give you any firm information on Murphy Creek at this moment because the engineering investigations are in hand. Taking a head at Murphy Creek of 35 feet which is the same as the Castlegar Site, we would be able to have a storage of some 4,000,000 acre feet behind it and the actual installed capacity at the dam would be something of the order of 250,000.

It will be another few months before the results of those engineering investigations are available so we cannot in the meantime speak with assurance as to just what can be done with storage and at site power at that point. I am told by our field officers that they are fairly confident that we will have a favourable result and will be able to build dams at that site.

Now, it will be known to people who are familiar with the terrain that the Kootenay River as it passes Canal Flats, is very close to the level of Columbia Lake, the head waters of the Columbia, and if we should build the dam at Bull River and the other dam down the Columbia at Luxor then, those streams will in fact be joined together and there will be about 60 feet of water over the low coll which presently exists between Columbia Lake and the upper Kootenay.

In other words when the Bull River Dam is built—and I have no doubt it will be—part of the Kootenay will flow into Columbia Lake and down the Columbia, and by this fact the waters of that upper Kootenay to the extent of about 5,000 c.f.s. mean annual flow over the years would go down through the heads in Canada all the way; and that power and also the storage in the Bull River and Luxor reservoir would remain in the beneficial ownership and use of Canada and would not have passed out of our jurisdiction, as it might if the river was allowed to re-flow in the loop through Montana and Idaho.

The present storage capacity stands at less than half this figure, and there seems to be little progress towards making up the deficiency.

This accounts for the almost frantic efforts now being made to obtain possession of or control over storage in Canada and to divert this very valuable key resource to the service of the United States power industry.

I also have asked the officers to put up the profile. The map, as you know, merely shows the course of the rivers which we have been talking about. To complement this information from a point of view of studying the hydrology of the basin you must have the profile. This shows the height of the surface of the water along the Columbia and the Kootenay and also along the South Thompson and the Thompson to its junction with the Fraser, at which point there is still some 450 feet of head available to the sea.

The headwaters of the Eagle River, a tributary of Shuswap Lake, are only some 7 miles from the Columbia at Revelstoke, and it has been shown by our field investigations that water from the Columbia may be diverted by this route into the Fraser basin. I will have more to say about this later.

The profile also shows the sites which have been located at which the available heads may be concentrated and developed for power and/or for the storage of water.

The hydrographs which are displayed show the mean monthly flows at a few selected representative points along the rivers where gauging stations have been established. Figures for the years of highest flow and lowest flow on record are included. Also on the separate graphs the mean annual discharge for each year of record is shown to illustrate the wide variation in flow which occurs from year to year, as well as from one month to another. This fact makes the provision of storage, both annual and cyclic, an essential factor of primary importance in any comprehensive scheme for development. Without storage the capacity of the power equipments to be installed would be limited by considerations of economics to little more than the minimum flows. This would mean high unit costs and the waste of most of the high flows. Fortunately, as I have already mentioned, we have reasonably adequate storage possibilities in sight; the question is to insure that what we will have is used in such a way that Canada shall obtain the best result.

In the topographical information which I have presented it is important to take note of the various alternative ways in which the flows of the various rivers of the Columbia basin may be used. For convenience, I divide these into three principal cases, each with variants. In the first case, there may be no diversions from one tributary to another under which condition the Kootenay will continue to flow in the wide loop through Montana and Idaho, dropping some 570 feet en route and making possible the large United States projects at Libby and Katka. In this case, the large storage at Libby would be of material benefit to flood protection in the Idaho Flats and of some advantage also to the similar rich agricultural lands in the Creston Flats in British Columbia.

I use the word "some" there because I understand that the dikes in the Idaho Flats have shown themselves not to be too secure, whereas the dikes on our side have been much better built and there has been much less failure.

The regulated flows from Libby will confer large benefits on United States downstream plants and will be also of some advantage to the existing Canadian plants on the west arm of the Kootenay.

However, to make this theoretically possible benefit of substantial value to Canada, the section of the river from Kootenay Lake to the Columbia would need to be redeveloped, which would be a very costly undertaking, unnecessary at this time, because the plants have been well maintained and the equipment

though old continues to produce energy usefully. The plant efficiency of generation is not of very great importance because the flows of the river usually far exceed the capacity of the turbines.

Under this condition of no diversion, the Columbia waters would continue to flow into the Grand Coulee Dam unaltered in quantity but, when Mica and Murphy Creek are built, these flows would be regulated to the extent of 10.5 M.A.F. and something more than 4.0 M.A.F. respectively, a service which is worth more than 14 billion KWH annually to the United States in terms of on-peak power, to meet demands which otherwise could not be satisfied except by thermal generated power costing upwards of 6 mills per KWH.

In the second case, there would be no turbines or generators installed at the Bull River Dam and the waters of the Upper Kootenay to the extent of some 5,000 c.f.s. mean annual flow would be impounded in the Bull River-Luxor reservoir. This reservoir has a capacity of 3.4 M.A.F. and would feed down the Columbia through power plants at Luxor—Donald Canyon—Mica—Priest Rapids and Little Dalles; thence to the Arrow Lakes and the Murphy Creek power plant and across the boundary into Grand Coulee reservoir.

As far as the United States is concerned, the volume of water reaching Grand Coulee reservoir is unaltered by this diversion of the Kootenay, but there would be a considerable loss of power potential on the Kootenay in Montana and Idaho represented by the 5,000 c.f.s. of mean annual flow through 570 feet of head of which 232 feet might have been developed at Libby and 263 feet at Katka.

To the head mentioned at Libby would be added any flooding at the boundary permitted by Canada up to the 150 feet which would flood to the tailwaters of the Bull River dam.

The total amount of stored water in the Columbia basin above the U.S. boundary would not be materially altered in this plan.

A variant of this case would be the construction of the dam at the Dorr site which is down near the border to impound the flows of the Bull River and the Elk and other adjacent tributaries of the Kootenay, amounting to about 3,000 c.f.s. annual mean flow.

These waters would fill the pool above the Dorr, backing up against the Bull River dam. The Bull River dam would be equipped with pumps to raise the water some 220 feet into the Bull River reservoir where it would be at elevation 2710 above sea level and usable through the Canadian heads down the Columbia to the boundary or preferably, in case 3, by way of the diversion into the Fraser basin. In this latter case there would come about a multiplication of the energy to be generated in relation to that used in pumping in a ratio of more than 10 to 1.

This is not an abnormal feature of power plants these days. If you visit the west coast of Brazil where the tributaries of the Parana River, among others, rise close to the sea, in nearly every case dams are put in those tributaries downstream and the water is pumped up so that it will drop a couple of thousand feet straight down the escarpment into the sea.

At Niagara, on both sides of the river, large pumping installations are contemplated being built to make use of spare water and spare power and take up water to higher levels where it might be used for the regulation of the plants during the days when the demand calls for it.

In this case there is a very favourable opportunity for something of the same sort, giving an energy return of something of the order of 10 to 1. I am not saying it is something which will be done, but it is something which we would take a look at at least if we did not consider doing it.

In the third case, a tunnel about the size of those recently built by the Ontario Hydro at Niagara, would connect the Little Dalles pool with Summit Lake at the headwaters of the Eagle River. This tunnel would provide capacity to divert the stored flood water in the Luxor-Bull River and Mica reservoirs to the amount of 15 M.A.F. annually at the times required for the regulation of the Fraser system. In passing to the Fraser these waters would first be used in the Mica power plant and the Priest Rapids power plant.

Under this proposal the energy conserved by the storage of the 15 M.A.F. in the Mica and Bull River-Luxor reservoirs would all be generated in Canada, a considerable part in the Fraser River system in close proximity to the large markets; and by reason of its use for regulation making possible the development and use also of the normal flows of the Fraser itself. This is a very desirable condition representing the further addition of a large amount of power which otherwise it is unlikely could be developed at all.

This condition is set forth in the hydrographs which are on the board and which members may like to see at their leisure. These hydrographs show the flow of the Fraser, Thompson, and South Thompson, and show how it drops to insignificant proportions in the winter months when it is hardly worthwhile putting in power plants to use it. It shows what the regulated flow would do in evening out and enlarging that minimum flow so that economic development would in fact be possible. This proposal adds in no way to the flood flows of the river.

At the time of flood flows on the river, the flood water of the Columbia will be taken and used for filling these two upstream reservoirs. The flow through the tunnel will only change when otherwise the flows would be low and impossible of development. This proposal has been considered by the fisheries experts, and they welcome the possibility of providing the Vancouver area with the power it needs, without at the same time having to put in a lot of high dams up which the fish cannot go. There is no objection to those proposals from the fisheries point of view, but discussions are going on.

For simplicity I have described these three possible cases in general terms only. Now I propose to present tables which will show the benefits which may be realized and their allocation in some detail.

For simplicity also I have based the figures on mean annual flows and in the actual result the energy to be produced may be somewhat more or less dependent on the water conditions existing in any particular year.

First, I present table IV, which is a comparison of the U.S. project at Libby and the Canadian project at Mica. The figures both of costs and benefits given are the final estimates of the United States engineers for Libby II and of the Canadian consulting engineers for Mica, checked and counter-checked. I believe in both cases that the figures are reliable.

I would ask you note that the cost given for Mica equipped is now \$247 million with 1,100,000 kilowatts installed. This compares with the provisional estimate I gave last year of \$425 million. The reduction follows a fundamental change in design from a concrete gravity structure to a rock fill underground powerhouse. The figure of \$425 million was a provisional figure only, based on the very meagre engineering information then available and containing many factors of safety introduced at all levels as assurance against any undue optimism.

I was guilty of some of that assurance myself because when the engineer's figures came to me at \$417 million I thought we had better round them up to \$425 million before we started using them. Now, with a change of design and type of construction which is appropriate to the circumstances and

topography and rock of that river, and without cutting anything off the capacity either of the at site power or storage, the consulting engineers have taken \$178,000,000 off.

It is a much more practicable, and much safer project, because when we look at the dams which are to be 700 feet high you cannot look with equanimity at 15 million acre feet of water being tucked in behind a dam that might be broken in an earthquake or might be broken by the deeds of man. So, even if we had more money for that type of dam and for rock fill it was better to go to something which an earthquake could not shake and nothing could move; so that no one downstream would live in terror if anything went wrong. I assure you, gentlemen, that 15 million acre feet is a lot of water.

Libby will cost \$279 million. They get an installed capacity of 800,000 kilowatts which under the load factors they will have will represent not more than one third continuous use at that point. We will have 1,100,000 kilowatts at Mica with a load factor of over 80 per cent. The available storage at Libby is 5 million, at Mica it is 10½ million. The estimated head at Libby would be 344 and Mica goes to 563.

These figures in terms of billions of kilowatt hours are very significant. Power generated at site at Libby 1½; at Mica 4.5; downstream in Canada theoretically 1.5 on the West Arm of the Kootenay. Downstream at Mica we will get 4 billion and downstream in the United States—the United States from Libby would get 6 Libby is being built purely from an United States point of view, not for at site power at all. It is being built to serve the plants away down the Columbia in the United States. In our case if, we should consent to let the flow from Mica go across the boundary for due and proper consideration the United States would benefit to the tune of 11 billion kilowatt hours of extra generation each year. I give a summary of those figures at the bottom of the table which puts them in perspective. (Table IV)

In case 2, the diversion of the Kootenay in an amount of 5,000 c.f.s. mean annual flow will add 220,000 kilowatts to the installed capacity at Mica, 130,000 at Priest Rapids and 70,000 at Little Dalles; and more proportionately at each site if this flow is increased by pumping from the Dorr pool; these variants also increase the benefits in the Fraser.

Table V gives a comparison of possibilities at Libby and Katka with permitted flooding at the east crossing into Canada of 150 feet and of 37 feet respectively, and with Libby only allowed to use the 37 feet head, which we cannot use beneficially in Canada; and also at the same time withdrawing the 5,000 cubic feet per second, which we have contemplated doing in Columbia Lake. I put the table up in that way in order to emphasize to those who see it the high proportion of the power that could come from Libby, which is of Canadian origin, and which really belongs to the people of British Columbia. It is shown there very clearly I think in that table.

Table VI shows the effect of a diversion of 5,000 c.f.s. regulated flow from the Kootenay to the Columbia and the Thompson and Fraser Rivers. These figures are based on the assumption of full development at each site mentioned, so that the diverted water would be fully used.

I have had to give pretty careful consideration to the speculative statistics relative to the various projects, and table VI is merely dealing with this diverted flow of 5,000 cubic feet per second. I have had to consider what it would generate at the various sites all the way down, including the Fraser. You will see that the various sites are given on the left. If we are going to close off the power plant at Bull River the reduction in Canada would be 650 million kilowatt hours per annum, and at Libby in the United States

730. Then in the West Kootenay plants what we might lose with the plans as they are at the moment, would be 400 million kilowatt hours.

There is this full development in the United States south of the boundary at 3,700,000,000 kilowatt hours that would gain from us 5,000 MWH. Then there is Luxor, Calamity Curve, Mica, Priest Rapids, Dalles, Thompson and Fraser including Summit Lake, and down the Fraser, only figuring on about three quarters of the head because we have not yet finished our engineering studies to find out just where the power plant would be and what proportion of head it would occupy. We are convinced more than three quarters of the head can be used so we have used that figure.

5,000 cubic feet per second could be picked up in that way and moved through Canadian channels, as we have every right to do, and used to the advantage of Canada at a gain of something more than 5 billion kilowatt hours per annum than the power which we might otherwise generate. If you want to take the figures for the storage of, we will say 15 million acre feet in the Mica and Bull River reservoirs, and totalling it up it comes to a little over 26 billion KWH.

To summarize:—I have endeavoured to give you a brief outline of the three cases we have under study in each of which there are a number of variants. Case 1 is no diversion either from the Columbia or the Kootenay; case 2 is a diversion of the Upper Kootenay to the Columbia and the use of these waters in the Columbia in Canada and then in the United States; case 3 is a diversion of the Upper Columbia into the Fraser — this diversion, including the waters of the Upper Kootenay diverted to the Columbia as in case 2.

I have mentioned that we feel that in proposing these diversions we contravene no provisions of the treaty of 1909 or necessarily impair any interest in the United States which has been legally acquired under that treaty. But I must say that our margin of possibility has by now shrunk to something very narrow and unless we take appropriate action to protect our interests it may indeed vanish altogether.

In our studies in the Canadian Section, International Joint Commission, of this aspect of the matter it has become evident that under the conditions which would exist the point of maximum use of water from Canada in the United States would be at the Grand Coulee Dam. Here also the rights of the United States are more explicitly defined than elsewhere. The reason for this is the IJC order of 1941, under authority of which the United States is permitted to flood up to the boundary with certain backwater effects running into Canada.

Mr. Chairman, I now present Table VII, which gives the present and prospective "demands" for water at Grand Coulee. I use the term "demands" because we do not yet know how much of the flows mentioned would constitute lawful appropriations, and prior rights, interference with which would constitute an injury, under the provisions of article II of the treaty of 1909, which would be recognized as such by the court of competent jurisdiction, in this case the Exchequer Court of Canada.

The hydrographs for a year of medium flow, 1947-49, and for the worst year of record, 1943-44, are included in the exhibits which are displayed.

On these hydrographs is shown the line for 85,000 c.f.s. which is the water requirement of the existing turbines at Grand Coulee at full gate. The period when the flow exceeds this amount is the period when storage at Grand Coulee can be carried out. This is substantially the same period as that in which we would propose to store flood water in the Bull River-Luxor and Mica reservoirs for transfer to the Fraser basin. It is a matter of prime necessity that we should so arrange the use of our stored waters elsewhere so as to give the

utmost protection to this use of these waters, which by reason of the high altitude of the reservoirs have a very large energy potential. This is of most particular importance in years when the flows of all the rivers of the basin are low.

You will understand, gentlemen, that a reservoir which can only drop its water 10 feet for a given amount of water has only one tenth of the energy of one which can drop it 100 feet. When we have this wonderful topographical possibility at Mica and Bull River and Luxor of taking the summer flows of these rivers and storing them 2,700 odd feet above sea level, that is the reason why we have this enormous power potential at those points.

When the waters get down to the Arrow Lakes, for example, there is only with the most extreme flooding that could be contemplated 50, 60, maybe 70 feet of head available. So while the volume is there the potential is no longer there and we are not really so interested, nor is it so important to us to conserve these flows except to protect our rights to the storage upstream. An acre foot of water is an acre foot of water wherever it may be.

If we will look again at Table VII you will observe that in the year of medium flow (1947-48) the flow into Grand Coulee in the storage period is 47,700,000 acre-feet. The total demand in this period, present and prospective, is stated as 31,600,000, leaving 16,100,000 acre-feet which is somewhat more than sufficient to provide for all demands including the 15 M.A.F. we plan to divert to the Fraser.

But please note that the margin is narrow and may easily be reduced to zero and below by any further commitment for the delivery of water which may be given to or otherwise acquired by the United States. And if such an additional commitment arises out of making some of our rather restricted facilities for storage available to the United States on contract then the adverse effect on our position is doubled. This for the reason that not only is our continuing obligation in acre-feet of water increased by the amount of the contract but also because by the contract we give away a like amount of the storage capacity which otherwise we might hold full as cyclic storage to meet our liabilities in a low water year.

Again, in Table VII, the column for 1943-44 illustrates the very serious position in which we would be in a low water year even without the extra commitment of 3 M.A.F. suggested at Castlegar.

Fortunately, in reference to this table, I do not believe that the United States will be able to prove that all the "demands" I have indicated could properly be classed as "prior appropriations". Also, while I cannot be specific at this time, I have reason to believe that some additional storage capacity will be proved up which, if used on a cyclic basis, would I hope balance the deficit shown.

Perhaps I should now give some indication of the real values attaching to storage capacity. I will take the case of a reservoir with one M.A.F. from which the water will flow through a developed head of 1,000 feet. I will assume an overall efficiency in the utilization of the water in turbines and generators and ancillaries to the plant but bars of 85 per cent.

One acre-foot of water dropped one foot releases 1.02 KWH of energy, and this is taken up 85 per cent in the electrical output and the remaining 15 per cent in water wastage and in friction losses in the flows in channels and turbines. In consequence, 1 M.A.F. through 1,000 feet will give $1,000,000 \times 1,000 \times 1.02 \times 85$ equals .87 billion KWH of electrical energy.

Under the conditions in which cyclic storage would be released the power system downstream would, because of low flow, have idle turbines, generators, transformers, etc., at every plant in the sequence downstream; the transmission lines and distributing systems would be only partially loaded, and the whole administrative set up in personnel, in the field, in the engineering offices, in the accounting sections and the like would be present but only working at part capacity.

And as for the market, at such a time of blackouts or brownouts everyone would be crying out for power to keep the wheels of industry turning, whatever the cost.

Now if this stored water is not available the only other relief is steam and it seems therefore that in such conditions the real *value* of the electrical energy derived from the stored water is the same as what it would have cost to produce it by the only alternative method—steam.

In the Northwest States the cost of steam has been put at 5.5 to 6.0 mills per KWH for new up-to-date thermal plants operating most of the time on base load, rising to 8 mills for short term generation on peak.

If water is short, as I have mentioned, the corresponding equipment in the form of turbines, generators, switchboards, transformers, transmission lines, distribution circuits, etc., will be idle, but this represents no saving because in a hydro-electric plant nearly all the costs are fixed charges.

In consequence the value of electrical energy generated on peak by the provision of stored water is the "cost" of the alternative method of production, that is steam, without deduction.

At a mean cost of say 7 mills per KWH for .87 billion KWH on peak electrical energy is worth \$6.1 million annually, which is what it would cost the power companies to replace it. However, since a good bargain requires that both parties should benefit substantially, it is not to be expected that the upstream state will receive the full value in cash or the equivalent. Equity, of course, requires a division of benefits and so the amount to be paid in cash or in power will be somewhere in between the "value" on the one hand and the "cost" of the storage and its operation on the other. The exact division cannot I think be a matter of rule but must be the result of a bargain struck in each instance.

What I do emphasize is that the "value" to be taken into account is that of "on peak" generation by steam and not the much less figure of the value of base load hydro-electric energy, which has appeared in several American proposals that have come to my notice.

Mr. Chairman, I have mentioned the very grave danger which exists that important amounts of Canada's resources in water may be lost under the continuing operation of the treaty and the law unless we take steps to conserve these interests to our own right.

It does not even take a contract for the supply of stored water to diminish our assets. In fact, in the case of an open contract we will at least know what is happening to our resources in water. Far the more dangerous condition is the process which steadily proceeds of the waters of rivers flowing from Canada being taken into use south of the boundary for irrigation and hydro-electric developments and the like without our having been aware of what has been going on, until we wake up and find that a claim against our resources has been built up which may inhibit their use in our own country.

As an example, I mention the Cawston project on the Similkameen in southern British Columbia.

In 1945 the Department of Veterans Affairs, in consultation with the British Columbia Department of Lands, had under arrangement an irrigation project to provide farms for veterans at the Cawston Benches on the Similkameen River which as I mentioned earlier, is a so-called tributary of the Okanagan River in British Columbia. I say so-called because the flow of the Similkameen constitutes some 80 per cent of the total flow of the combined rivers. Only the relatively small quantity of 4,800 acre feet of water in all was required for this project.

When it came to be known in the State of Washington that additional water was to be taken from the Similkameen for the Cawston Benches project, anxiety was expressed as to the adverse effect on United States interests, and, as the Columbia Reference in 1947 was already before the International Joint Commission, the commission was asked to look into the matter. The questions put to the commission used terms such as "vested rights" and "flood waters", which proved not to be precise and from this arose difficulties, both in the commission's report and in subsequent action. However, I do not dwell on this aspect because these difficulties were subsequently cleared up. It was agreed that sufficient water would be stored during periods of high flow to satisfy the requirements of the Cawston irrigation project.

Through the helpful action of the British Columbia representatives on our Committee the period during which the waters required were to be taken was adjusted to allay United States anxieties. Water permits were modified accordingly by the British Columbia Department of Lands, following which the storage and distribution facilities were constructed and the project opened for veterans and the new holdings taken up. Despite the difficulties which were occasioned to the administrations both in Victoria and Ottawa this result was satisfactory in that the veterans were provided with irrigated land; they are developing it and farming it.

What was *not* satisfactory was the situation which came to light in the course of the investigations. In these, it was shown that United States interests in the State of Washington had come to assert that they had acquired what they described as "vested rights" in the waters of the Similkameen which in total far exceeded the flow of the river in the irrigation season.

Moreover, it was brought to notice that there were fundamental differences in the doctrine of the water laws of British Columbia and the state of Washington. Certain so-called "vested rights" to water in the state of Washington would not be valid rights at all in British Columbia as for instance their riparian rights which have never been adjudicated on and for the retention of which beneficial use is not required.

For this and other reasons, the holders of British Columbia water rights are at a manifest disadvantage in any dispute involving licenses.

Similar situations exist elsewhere in the rivers and streams crossing the boundary from Canada into the United States. Usually development south of the line has taken place earlier than in Canada and in consequence when questions of allocation of waters come to attention we find that we are in difficulties.

Mr. Chairman, I have given you an outline of the position in the Columbia basin and of the plans for the use of our resources and water for the benefit of Canada, which are under evolution at the instance of the Canadian Section of the IJC. May I emphasize that these plans are for presentation to governments, and that it is the governments and not the Canadian IJC that will take conclusions and register decisions thereon.

If you wish, Mr. Chairman, I can go on with an explanation of the treaty and the provisions of the law on water which derive therefrom. These are

most important, for they give the basis on which decisions will be taken as to what will or will not be done in fact. Or, on the next occasion, I shall be happy to submit myself to the questions of the members and to cover other aspects of the work of the IJC, if they wish. In making my presentation to you today, I did not seek in any way to narrow the matters before you in which the IJC is concerned in one way or another. The St. Lawrence project, water pollution, air pollution, levels of Lake Ontario, progress at Niagara, St. John river, irrigation problems of Alberta and Montana, and any other problems which are before the commission on reference or otherwise—on all these matters I shall be most happy to present information at any time if you will indicate your wishes.

The CHAIRMAN: I think that I express the views of all members of the committee in thanking you, General McNaughton, for your wonderful presentation. Now, gentlemen, shall we move to adjourn now and to meet tomorrow morning? Shall we carry on tomorrow morning with the second part of the General's observations, or shall we have a question period?

Some Hon. MEMBERS: Carry on.

The CHAIRMAN: We shall carry on with the presentation tomorrow morning at 11.00 a.m. in the same room.

Mr. Low: When is it expected that the evidence given today will be printed and available to be put into the members' hands?

The CHAIRMAN: It will take at least three days, because I shall not receive the stenographic transcript before tomorrow morning, and then it will be sent to the printers. It might be three days.

The WITNESS: If it would be of assistance, Mr. Chairman, our office could provide mimeograph copies for tomorrow's session.

Mr. Low: It would be very helpful.

The WITNESS: We could mimeograph it. It would not include the parts where I thought it necessary to explain a little more, but it has the same things in perhaps a little different language.

Hon. Mr. LESAGE: It refers to the tables, too.

The CHAIRMAN: Most of the presentation of today will be mimeographed and sent to the members for tomorrow morning or tomorrow afternoon.

Mr. Low: That is fine.

The CHAIRMAN: Tomorrow morning we will carry on with the second part of the General's presentation.

APPENDIX I

INTERNATIONAL JOINT COMMISSION

United States and Canada

RULES OF PROCEDURE AND TEXT OF TREATY

(with amendments)

Ottawa, Canada—Washington, D.C.

1947

TREATY OF JANUARY 11, 1909, BETWEEN UNITED STATES AND
GREAT BRITAIN

Signed at Washington.....	January 11, 1909
Ratification advised by the Senate.....	March 3, 1909
Ratified by Great Britain.....	March 31, 1910
Ratified by the President.....	April 1, 1910
Ratification exchanged at Washington.....	May 5, 1910
Proclaimed	May 13, 1910

INTERNATIONAL JOINT COMMISSION

Members appointed on part of United States.....	March 9, 1911
Members appointed on part of Canada.....	November 10, 1911
Meeting of Commission for organization under Article XII of the treaty, at Washington.....	January 10, 1912
Adoption and publication of Rules of Procedure in accordance with Article XII.....	February 2, 1912

RULES OF PROCEDURE

OF THE

INTERNATIONAL JOINT COMMISSION

The International Joint Commission, by virtue of the provisions of Article XII of the Treaty between the United States of America and His Majesty the King of the United Kingdom of Great Britain and Ireland and of the Dominions beyond the Seas, Emperor of India, dated the 11th day of January, 1909, hereby adopts the following rules of procedure:

DEFINITIONS

1. In the construction of these rules and the forms herein referred to (unless the context otherwise requires) words importing the singular number shall include the plural, and words importing, the plural number shall include the singular; the term "party" or "parties" shall include Governments and also persons permitted by these rules to take part in any proceedings before the Commission; the word "person" shall include individual partnership, or corporation, and "oath" shall include affirmation.

MEETINGS

2. Regular sessions of the Commission shall be held annually at Washington beginning on the first Tuesday of April and at Ottawa beginning on the first Tuesday of October.

Special meetings may be held at such times and places in the United States and the Dominion of Canada as the chairmen of the two sections may determine.

CHAIRMEN

3. The commissioners of the United States section of the Commission shall appoint a chairman, to be known as the chairman of the United States section of the International Joint Commission, and he shall act as chairman at all meetings of the Commission held in the United States, and in respect to all matters required to be done in the United States by the chairman of the Commission.

The commissioners of the Canadian section of the Commission shall appoint a chairman, to be known as the chairman of the Canadian section of the International Joint Commission, and he shall act as chairman at all meetings of the Commission held in Canada, and in respect to all matters required to be done in Canada by the chairman of the Commission.

In case it shall be impracticable for the chairman of either section to act in any matter, then the commissioner of such section next in order of appointment shall act in his stead.

PERMANENT OFFICES

4. The permanent offices of the Commission shall be at Washington, in the District of Columbia, and at Ottawa, in the Dominion of Canada, and the secretaries of the United States and Canadian sections of the Commission shall, subject to the order of said respective sections, have full charge and control of said offices, respectively.

DUTIES OF SECRETARIES

5. The secretaries shall act as joint secretaries at all sessions or meetings of the Commission, and each shall keep an accurate permanent record of the proceedings and preserve the same in the permanent offices of the Commission. It shall also be the duty of each of them to receive and file all applications and other papers properly presented to the Commission in any proceeding instituted before it, and to number in numerical order all such applications; and the number given an application shall be the file number for all papers and documents connected with such application. Each secretary shall also keep in the permanent office under his control a docket, in which he shall record the title of the application or other proceeding, separately in each case, the date of filing the same, the name and post-office address of the attorneys of record, and a brief statement of the contents, together with proper reference to the files of the original papers referred to in said docket. Each shall forward to the other for filing in the office of the other copies of all letters, documents or other papers received by him or filed in his office, pertaining to any matter before the Commission, to the end that there shall be on file in each office either the original or a copy of all official papers, documents records and correspondence relating to matters at any time pending before the Commission.

APPLICATIONS

6. In all cases to be submitted to the Commission under Articles III, IV and VIII of the Treaty the method of bringing such cases to the attention of the Commission and invoking its action shall be as follows:

(a) Where one or the other of the Governments on its own initiative seeks the approval of the Commission for the use, obstruction or diversion of waters with respect to which under Articles III and IV of the Treaty the approval of the Commission is required, it shall file with the Commission an application setting forth as fully as may be necessary for the information of the Commission the facts upon which the application is based, and the nature of the order of approval desired.

(b) Where any private person seeks the approval of the Commission for the use, obstruction or diversion of such waters, he shall first make written application to the Government within whose jurisdiction the privilege desired is to be exercised, to grant such privilege, and upon such Government, or the proper department thereof, transmitting such application to the Commission, with the request that it take appropriate action thereon, the same shall be filed and be proceeded with by the Commission in the same manner as an application on behalf of one or the other of the Governments. All applications by private persons should conform, as to their contents, to the requirements of subdivision (a) of this rule.

7. One duplicate original and 25 copies of the application, supplemental application, statement in response, supplemental statement in response, statement in reply, and supplemental statement in reply, shall be filed with each of the secretaries, and there shall be filed with each of the secretaries such drawings, profiles, and plans of survey on tracing line, and such specifications and maps, as may be necessary to illustrate clearly the matter of the application.

8. In cases where either of the respective Governments shall have authorized the use, obstruction or diversion of navigable waters, all plans filed as aforesaid shall be accompanied with the approval thereof by the Government or proper department of the Government within whose jurisdiction such

NOTICE AND PUBLICATION

9. As soon as practicable after an application is made as hereinbefore in rule 6 provided for, the secretary of the section of the Commission appointed by the other Government shall forthwith send to such Government a notice in writing that the application has been made and a copy thereof.

The secretaries shall also, as soon as practicable after the application is made, cause to be published for three successive weeks in the *Canada Gazette* and in two weekly newspapers, published one on each side of the international boundary line nearest the locality in which the use, obstruction, or diversion of waters is proposed to be made, a notice that the application has been made, and of the nature and locality of the proposed use, obstruction or diversion, and that all persons interested therein are entitled to be heard with respect thereto before the Commission.

STATEMENT IN RESPONSE TO APPLICATION

10. Within 30 days after the filing of any such application, or within such further time as the Commission or the chairmen may determine, the other Government, and with the consent of either Government, any private person interested, may file a statement with the Commission setting forth any fact or facts bearing on the subject-matter of the application, and tending to defeat or modify the order of approval sought, or to require that the same be granted

on condition, and setting forth whether the order of approval is opposed in whole or in part, and if it be desired that the approval be on condition, setting forth the particular condition or conditions upon which it is thought the order of approval should be granted.

STATEMENT IN REPLY

11. Immediately after such statement or statements are filed the secretary shall send a copy of the same to the Government which shall have made the application or shall have filed the application on behalf of private persons, and the said Government or the private persons on whose behalf the application shall have been filed, one or both, may, within 30 days, file a statement or statements in reply, and the issues to be determined by the Commission shall be gathered from the application, statement or statements and reply statement or statements.

SUPPLEMENTAL APPLICATIONS AND STATEMENTS

12. If it shall appear to the Commission that either the application, the statement, or the reply statement, is not sufficiently full, definite and complete to enable the Commission to proceed intelligently, the Commission may require a more full, definite and complete application or statement or reply statement, as the case may be, to be filed.

INTERESTED PRIVATE PARTIES

13. Any person interested in the subject matter of the application, whether for or against, is entitled to be heard by counsel at the final hearing, and may, through counsel, with the consent of his Government, conduct or assist in conducting all proceedings in the case subsequent to the application.

PRELIMINARY HEARING

14. If it appear to the Commission at any time before the hearing of the application that it would be advantageous to hold a preliminary meeting for the purpose of fixing or altering the plan of hearing, determining the mode of conducting the inquiry, the admitting of certain facts, or the proof of them by affidavit, or for any other purpose, the Commission may hold such meeting upon such notice to the parties as it deems sufficient, and may thereupon make such orders as it may deem expedient.

PRELIMINARY COMMUNICATION WITH PARTIES

15. The Commission may, if it thinks fit, instead of holding the preliminary meeting provided in rule 14, communicate with the parties direct, and may require answers to such inquiries as it may consider necessary.

PRODUCTION AND INSPECTION OF DOCUMENTS

16. Either party shall be entitled, at any time, before or at the hearing of the case, to give notice in writing to the party in whose application or statement or reply statement reference is made to any document, map, plan, or profile, to produce it for the inspection of the party giving such notice or his attorney or solicitor, and to permit him to take copies thereof: and any party not complying with such notice shall not afterwards be at liberty to put the same in evidence on his behalf in such proceedings, unless he satisfy the Commission that he had sufficient cause for not complying with such notice.

SUBPŒNAS

17. Subpœnas for the attendance and examination of witnesses and notice for the production and inspection of documents may be issued in the first instance under the signature of the secretary of the section of the country in which the witnesses reside.

COMPELLING ATTENDANCE OF WITNESSES, ETC.

18. All applications for subpoena or other process to compel the attendance of witnesses, or the production of books, papers, and documents before the Commission or the examiner, shall be made to the proper courts of either country, as the case may be, upon the order of the Commission or by the chairman of the section of the Commission of the country in which the witnesses reside or the books, papers, or documents may be, or by the examiner appointed under rule 19.

DEPOSITIONS

19. On application to the secretary of the section of the Commission in the country where depositions are proposed to be taken, any party may have a commission to take the depositions of witnesses, the commission to be signed by the secretary, to designate the name of the examiner before whom depositions will be taken, and the time and place of taking, but need not designate the names of witnesses to be examined, and the secretary shall specify in the commission the length of notice to be given, in all cases requiring what he may deem ample time to enable the parties to be present. The examiner, who shall in all cases be an official having power in his own country to administer oaths, may issue subpoenas for witnesses to be examined before him. The testimony of all witnesses shall be taken under oath or affirmation and the parties shall be entitled to attend and examine and cross-examine. The testimony so taken shall be confined to the subject matter in question, and any objection to the admission of evidence shall be noted by the examiner and dealt with by the Commission at the hearing. The examination shall take place within 60 days after the time provided in rule 11 for the filing of the reply statement. All examinations or depositions taken in pursuance of this rule shall be returned to the secretary who issued the commission, and the depositions certified under the hand of the examiner, without further proof, be used in evidence, saving all just exceptions. The examiner at the time and place appointed in the commission can take the depositions of witnesses offered by any party.

FINAL HEARINGS

20. The final hearings on applications shall be had at times and places to be fixed by the chairmen of the two sections not less than 30 days after the time provided for filing the reply statement, and the Commission will then hear oral and documentary evidence, and evidence which may have been taken by the parties by deposition.

The Commission may require further evidence to be given, either viva voce or by deposition taken before an examiner.

The Commission may decide how many counsel are to be heard and what interests may be united for the purpose of the hearing.

The Commission may, in any case, require printed briefs or factums to be submitted by the parties.

The hearing of the case, when once commenced, shall proceed, so far as in the judgment of the Commission may be practicable, from day to day.

PRINTING OF BRIEFS AND RECORDS

21. All briefs, factums, pleadings, and documents printed for the use of the Commission must be in such form and size, with ample margin, that they can be conveniently bound together so as to make an ordinary octavo volume; and, as well as all quotations contained therein, and the covers thereof, must be printed in clear type (never smaller than pica) and on unglazed paper.

MAJORITY MAY CONDUCT HEARINGS

22. A majority of the Commission may conduct hearings or other proceedings regularly before it and may take and receive testimony and hear arguments thereon, but less than the whole number of the Commission shall not proceed to finally consider and determine any matter, proceeding, or question which the Treaty creating the Commission, either in terms or by implication, requires or makes it the duty of the Commission to decide.

AMENDMENTS

23. Amendments of applications and statements may be allowed by the Commission where substantial justice requires it, and the time for the filing of any paper or the doing of any act by these rules required may be extended in the like case.

SERVICE OF PROCESS

24. Service of any subpoena, process, notice, or other document which must be served under the present rules, shall be by delivering a copy thereof to the person named therein, or by leaving the same at the dwelling house or usual place of abode or usual place of business of such person with some adult person who is a member of or resident in his family or with an employee in such place of business. Such service may be made by any literate person, who shall make return thereof under oath to the secretary from whom such subpoena, process, notice, or other document shall have been received, and such return shall state the time and place of such service.

EXPENSES OF PROCEEDINGS

25. All expenses incident to the prosecution of any proceedings before the Commission upon applications presented under sub-section (b) of rule 6 shall be paid by the party on whose behalf or at whose request such cost or expense is incurred, except as otherwise ordered by the Commission.

SUBMISSIONS TO GOVERNMENTS

26. When in the opinion of the Commission it is desirable that a decision should be rendered which affects navigable waters in a manner or to an extent different from that contemplated by the application and plans, the Commission will, before making a final decision, submit to the Government transmitting the application a draft of the decision, and such Government may file with the Commission a brief or memorandum thereon which will receive due consideration by the Commission before its decision is made final.

GENERAL RULE

27. The Commission may, in the course of the proceedings, make any order which it deems expedient and necessary to meet the ends of justice and to effectually carry out the true intent and meaning of the Treaty.

ARTICLES IX AND X

28. The foregoing rules, as far as applicable, shall apply to proceedings in all cases referred or submitted under Articles IX and X,

Adopted February 2, 1912.

Amended, November 11, 1914, April 7, 1915, and April 6, 1926.

TREATY BETWEEN THE UNITED STATES AND GREAT BRITAIN
RELATING TO BOUNDARY WATERS, AND QUESTIONS ARISING
BETWEEN THE UNITED STATES AND CANADA.

The United States of America and His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India, being equally desirous to prevent disputes regarding the use of boundary waters and to settle all questions which are now pending between the United States and the Dominion of Canada involving the rights, obligations, or interests of either in relation to the other or to the inhabitants of the other, along their common frontier, and to make provision for the adjustment and settlement of all such questions as may hereafter arise, have resolved to conclude a treaty in furtherance of these ends, and for that purpose have appointed as their respective plenipotentiaries:

The President of the United States of America, Elihu Root, Secretary of State of the United States; and

His Britannic Majesty, the Right Honourable James Bryce, O.M., his Ambassador Extraordinary and Plenipotentiary at Washington;

Who, after having communicated to one another their full powers, found in good and due form, have agreed upon the following articles:

PRELIMINARY ARTICLE

For the purposes of this treaty boundary waters are defined as the waters from main shore to main shore of the lakes and rivers and connecting waterways, or the portions thereof, along which the international boundary between the United States and the Dominion of Canada passes, including all bays, arms, and inlets thereof, but not including tributary waters which in their natural channels would flow into such lakes, rivers, and waterways, or waters flowing from such lakes, rivers, and waterways, or the waters of rivers flowing across the boundary.

ARTICLE I

The High Contracting Parties agree that the navigation of all navigable boundary waters shall forever continue free and open for the purposes of commerce to the inhabitants and to the ships, vessels, and boats of both countries equally, subject, however, to any laws and regulations of either country, within its own territory, not inconsistent with such privilege of free navigation and applying equally and without discrimination to the inhabitants, ships, vessels, and boats of both countries.

It is further agreed that so long as this treaty shall remain in force, this same right of navigation shall extend to the waters of Lake Michigan and to all canals connecting boundary waters, and now existing or which may hereafter be constructed on either side of the line. Either of the High Contracting Parties may adopt rules and regulations governing the use of such canals within its own

territory and may charge tolls for the use thereof, but all such rules and regulations and all tolls charged shall apply alike to the subjects or citizens of the High Contracting Parties and the ships, vessels, and boats of both of the High Contracting Parties, and they shall be placed on terms of equality in the use thereof.

ARTICLE II

Each of the High Contracting Parties reserves to itself or to the several State Governments on the one side and the Dominion or Provincial Governments on the other as the case may be, subject to any treaty provisions now existing with respect thereto, the exclusive jurisdiction and control over the use and diversion, whether temporary or permanent, of all waters on its own side of the line which in their natural channels would flow across the boundary or into boundary waters; but it is agreed that any interference with or diversion from their natural channel of such waters on either side of the boundary, resulting in any injury on the other side of the boundary, shall give rise to the same rights and entitle the injured parties to the same legal remedies as if such injury took place in the country where such diversion or interference occurs; but this provision shall not apply to cases already existing or to cases expressly covered by special agreement between the parties hereto.

It is understood, however, that neither of the High Contracting Parties intends by the foregoing provision to surrender any right, which it may have, to object to any interference with or diversions of waters on the other side of the boundary the effect of which would be productive of material injury to the navigation interests on its own side of the boundary.

ARTICLE III

It is agreed that, in addition to the uses, obstructions, and diversions heretofore permitted or hereafter provided for by special agreement between the Parties hereto, no further or other uses or obstructions or diversions, whether temporary or permanent, of boundary waters on either side of the line, affecting the natural level or flow of boundary waters on the other side of the line, shall be made except by authority of the United States or the Dominion of Canada within their respective jurisdictions and with the approval, as hereinafter provided, of a joint commission, to be known as the International Joint Commission.

The foregoing provisions are not intended to limit or interfere with the existing rights of the Government of the United States on the one side and the Government of the Dominion of Canada on the other, to undertake and carry on governmental works in boundary waters for the deepening of channels, the construction of breakwaters, the improvement of harbours, and other governmental works for the benefit of commerce and navigation, provided that such works are wholly on its own side of the line and do not materially affect the level or flow of the boundary waters on the other, nor are such provisions intended to interfere with the ordinary use of such waters for domestic and sanitary purposes.

ARTICLE IV

The High Contracting Parties agree that, except in cases provided for by special agreement between them, they will not permit the construction or maintenance on their respective sides of the boundary of any remedial or protective works or any dams or other obstructions in waters flowing from boundary waters or in waters at a lower level than the boundary in rivers flowing across the boundary, the effect of which is to raise the natural level of

waters on the other side of the boundary unless the construction or maintenance thereof is approved by the aforesaid International Joint Commission.

It is further agreed that the waters herein defined as boundary waters and waters flowing across the boundary shall not be polluted on either side to the injury of health or property on the other.

ARTICLE V

The High Contracting Parties agree that it is expedient to limit the diversion of waters from the Niagara River so that the level of Lake Erie and the flow of the stream shall not be appreciably affected. It is the desire of both Parties to accomplish this object with the least possible injury to investments which have already been made in the construction of power plants on the United States side of the river under grants of authority from the State of New York, and on the Canadian side of the river under licences authorized by the Dominion of Canada and the Province of Ontario.

So long as this treaty shall remain in force, no diversion of the waters of the Niagara River above the Falls from the natural course and stream thereof shall be permitted except for the purposes and to the extent hereinafter provided.

The United States may authorize and permit the diversion within the State of New York of the waters of said river above the Falls of Niagara, for power purposes, not exceeding in the aggregate a daily diversion at the rate of twenty thousand cubic feet of water per second.

The United Kingdom, by the Dominion of Canada, or the Province of Ontario, may authorize and permit the diversion within the Province of Ontario of the waters of said river above the Falls of Niagara, for power purposes, not exceeding in the aggregate a daily diversion at the rate of thirty-six thousand cubic feet of water per second.

The prohibitions of this article shall not apply to the diversion of water for sanitary or domestic purposes, or for the service of canals for the purposes of navigation.

ARTICLE VI

The High Contracting Parties agree that the St. Mary and Milk Rivers and their tributaries (in the State of Montana and the Province of Alberta and Saskatchewan) are to be treated as one stream for the purposes of irrigation and power, and the waters thereof shall be apportioned equally between the two countries, but in making such equal apportionment more than half may be taken from one river and less than half from the other by either country so as to afford a more beneficial use to each. It is further agreed that in the division of such waters during the irrigation season, between the 1st of April and 31st of October, inclusive, annually, the United States is entitled to a prior appropriation of 500 cubic feet per second of the waters of the Milk River, or so much of such amount as constitutes three-fourths of its natural flow, and that Canada is entitled to a prior appropriation of 500 cubic feet per second of the flow of St. Mary River, or so much of such amount as constitutes three-fourths of its natural flow.

The channel of the Milk River in Canada may be used at the convenience of the United States for the conveyance, while passing through Canadian territory, of waters diverted from the St. Mary River. The provisions of Article II of this treaty shall apply to any injury resulting to property in Canada from the conveyance of such waters through the Milk River.

The measurement and apportionment of the water to be used by each country shall from time to time be made jointly by the properly constituted

reclamation officers of the United States and the properly constituted irrigation officers of His Majesty under the direction of the International Joint Commission.

ARTICLE VII

The High Contracting Parties agree to establish and maintain an International Joint Commission of the United States and Canada composed of six commissioners, three on the part of the United States appointed by the President thereof, and three on the part of the United Kingdom appointed by His Majesty on the recommendation of the Governor in Council of the Dominion of Canada.

ARTICLE VIII

This International Joint Commission shall have jurisdiction over and shall pass upon all cases involving the use or obstruction or diversion of the waters with respect to which under Articles III and IV of this Treaty the approval of this Commission is required, and in passing upon such cases the Commission shall be governed by the following rules or principles which are adopted by the High Contracting Parties for this purpose:

The High Contracting Parties shall have, each on its own side of the boundary, equal and similar rights in the use of the waters hereinbefore defined as boundary waters.

The following order of precedence shall be observed among the various uses enumerated hereinafter for these waters, and no use shall be permitted which tends materially to conflict with or restrain any other use which is given preference over it in this order of precedence:

- (1) Uses for domestic and sanitary purposes;
- (2) Uses for navigation, including the service of canals for the purposes of navigation;
- (3) Uses for power and for irrigation purposes.

The foregoing provisions shall not apply to or disturb any existing uses of boundary waters on either side of the boundary.

The requirement for an equal division may in the discretion of the Commission be suspended in cases of temporary diversions along boundary waters at points where such equal division can not be made advantageously on account of local conditions, and where such diversion does not diminish elsewhere the amount available for use on the other side.

The Commission in its discretion may make its approval in any case conditional upon the construction of remedial or protective works to compensate so far as possible for the particular use or diversion proposed, and in such cases may require that suitable and adequate provision, approved by the Commission, be made for the protection and indemnity against injury of any interests on either side of the boundary.

In cases involving the elevation of the natural level of waters on either side of the line as a result of the construction or maintenance on the other side of remedial or protective works or dams or other obstructions in boundary waters or in waters flowing therefrom or in waters below the boundary in rivers flowing across the boundary, the Commission shall require, as a condition of its approval thereof, that suitable and adequate provision, approved by it, be made for the protection and indemnity of all interests on the other side of the line which may be injured thereby.

The majority of the Commissioners shall have power to render a decision. In case the Commission is evenly divided upon any question or matter presented to it for decision, separate reports shall be made by the Commissioners

on each side to their own Government. The High Contracting Parties shall thereupon endeavour to agree upon an adjustment of the question or matter of difference, and if an agreement is reached between them, it shall be reduced to writing in the form of a protocol, and shall be communicated to the Commissioners, who shall take such further proceedings as may be necessary to carry out such agreement.

ARTICLE IX

The High Contracting Parties further agree that any other questions or matters of difference arising between them involving the rights, obligations, or interests of either in relation to the other or to the inhabitants of the other, along the common frontier between the United States and the Dominion of Canada, shall be referred from time to time to the International Joint Commission for examination and report, whenever either the Government of the United States or the Government of the Dominion of Canada shall request that such questions or matters of difference be so referred.

The International Joint Commission is authorized in each case so referred to examine into and report upon the facts and circumstances of the particular questions and matters referred, together with such conclusions and recommendations as may be appropriate, subject, however, to any restrictions or exceptions which may be imposed with respect thereto by the terms of the reference.

Such reports of the Commission shall not be regarded as decisions of the questions or matters so submitted either on the facts or the law, and shall in no way have the character of an arbitral award.

The Commission shall make a joint report to both Governments in all cases in which all or a majority of the Commissioners agree, and in case of disagreement the minority may make a joint report to both Governments, or separate reports to their respective Governments.

In case the Commission is evenly divided upon any question or matter referred to it for report, separate reports shall be made by the Commissioners on each side to their own Government.

ARTICLE X

Any questions or matters of difference arising between the High Contracting Parties involving the rights, obligations, or interests of the United States or of the Dominion of Canada either in relation to each other or to their respective inhabitants, may be referred for decision to the International Joint Commission by the consent of the two Parties, it being understood that on the part of the United States any such action will be by and with the advice and consent of the Senate, and on the part of His Majesty's Government with the consent of the Governor General in Council. In each case so referred, the said Commission is authorized to examine into and report upon the facts and circumstances of the particular questions and matters referred, together with such conclusions and recommendations as may be appropriate, subject, however, to any restrictions or exceptions which may be imposed with respect thereto by the terms of the reference.

A majority of the said Commission shall have power to render a decision or finding upon any of the questions or matters so referred.

If the said Commission is equally divided or otherwise unable to render a decision or finding as to any questions or matters so referred, it shall be the duty of the Commissioners to make a joint report to both Governments, or separate reports to their respective Governments, showing the different conclusions arrived at with regard to the matters or questions so referred, which

questions or matters shall thereupon be referred for decision by the High Contracting Parties to an umpire chosen in accordance with the procedure prescribed in the fourth, fifth, and sixth paragraphs of Article XLV of the Hague Convention for the pacific settlement of international disputes, dated October 18, 1907. Such umpire shall have power to render a final decision with respect to those matters and questions so referred on which the Commission failed to agree.

ARTICLE XI

A duplicate original of all decisions rendered and joint reports made by the Commission shall be transmitted to and filed with the Secretary of State of the United States and the Governor General of the Dominion of Canada, and to them shall be addressed all communications of the Commission.

ARTICLE XII

The International Joint Commission shall meet and organize at Washington promptly after the members thereof are appointed, and when organized the Commission may fix such times and places for its meetings as may be necessary, subject at all times to special call or direction by the two Governments. Each Commissioner upon the first joint meeting of the Commissioner after his appointment, shall, before proceeding with the work of the Commission, make and subscribe a solemn declaration in writing that he will faithfully and impartially perform the duties imposed upon him under this treaty, and such declaration shall be entered on the records of the proceedings of the Commission.

The United States and Canadian sections of the Commission may each appoint a secretary, and these shall act as joint secretaries of the Commission at its joint sessions, and the Commission may employ engineers and clerical assistants from time to time as it may deem advisable. The salaries and personal expenses of the Commission and of the secretaries shall be paid by their respective Governments, and all reasonable and necessary joint expenses of the Commission, incurred by it, shall be paid in equal moieties by the High Contracting Parties.

The Commission shall have power to administer oaths to witnesses, and to take evidence on oath whenever deemed necessary in any proceeding, or inquiry, or matter within its jurisdiction under this treaty, and all parties interested therein shall be given convenient opportunity to be heard, and the High Contracting Parties agree to adopt such legislation as may be appropriate and necessary to give the Commission the powers above mentioned on each side of the boundary, and to provide for the issue of subpoenas and for compelling the attendance of witnesses in proceedings before the Commission. The Commission may adopt such rules of procedure as shall be in accordance with justice and equity, and may make such examination in person and through agents or employees as may be deemed advisable.

ARTICLE XIII

In all cases where special agreements between the High Contracting Parties hereto are referred to in the foregoing articles, such agreements are understood and intended to include not only direct agreements between the High Contracting Parties, but also any mutual arrangement between the United States and the Dominion of Canada expressed by concurrent or reciprocal legislation on the part of Congress and the Parliament of the Dominion.

ARTICLE XIV

The present treaty shall be ratified by the President of the United States of America, by and with the advice and consent of the Senate thereof, and by His Britannic Majesty. The ratification shall be exchanged at Washington as soon as possible and the treaty shall take effect on the date of the exchange of its ratifications. It shall remain in force for five years, dating from the day of exchange of ratifications, and thereafter until terminated by twelve months' written notice given by either High Contracting Party to the other.

In faith whereof the respective plenipotentiaries have signed this treaty in duplicate and have hereunto affixed their seals.

Done at Washington the 11th day of January, in the year of our Lord one thousand nine hundred and nine.

(Signed)	ELIHU ROOT	[SEAL]
(Signed)	JAMES BRYCE	[SEAL]

AND WHEREAS the Senate of the United States by their resolution of March 3, 1909, (two-thirds of the Senators present concurring therein) did advise and consent to the ratification of the said Treaty with the following understanding, to wit:

"Resolved further, as a part of this ratification, That the United States approves this treaty with the understanding that nothing in this treaty shall be construed as affecting, or changing, any existing territorial or riparian rights in the water, or rights of the owners of lands under water, on either side of the international boundary at the rapids of the St. Mary's river at Sault Ste. Marie, in the use of the waters flowing over such lands, subject to the requirements of navigation in boundary waters and of navigation canals, and without prejudice to the existing right of the United States and Canada, each to use the waters of the St. Mary's river, within its own territory, and further, that nothing in this treaty shall be construed to interfere with the drainage of wet, swamp and overflowed lands into streams flowing into boundary waters, and that this interpretation will be mentioned in the ratification of this treaty as conveying the true meaning of the treaty, and will, in effect, form part of the treaty;"

AND WHEREAS the said understanding has been accepted by the Government of Great Britain, and the ratifications of the two Governments of the said treaty were exchanged in the City of Washington, on the 5th day of May, one thousand nine hundred and ten;

NOW, THEREFORE, be it known that I, William Howard Taft, President of the United States of America, have caused the said treaty and the said understanding, as forming a part thereof, to be made public, to the end that the same and every article and clause thereof may be observed and fulfilled with good faith by the United States and the citizens thereof.

In testimony whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

DONE at the City of Washington this thirteenth day of May in the year of our Lord one thousand nine hundred and ten,

[SEAL] and of the Independence of the United States of America the one hundred and thirty-fourth.

WM H TAFT

By the President:

P C KNOX

Secretary of State.

PROTOCOL OF EXCHANGE

On proceeding to the exchange of the ratifications of the treaty signed at Washington on January 11, 1909, between the United States and Great Britain, relating to boundary waters and questions arising along the boundary between the United States and the Dominion of Canada, the undersigned plenipotentiaries, duly authorized thereto by their respective Governments, hereby declare that nothing in this treaty shall be construed as affecting, or changing, any existing territorial, or riparian rights in the water, or rights of the owners of lands under water, on either side of the international boundary at the rapids of the St. Mary's River at Sault Ste. Marie, in the use of the waters flowing over such lands, subject to the requirements of navigation in boundary waters and of navigation canals, and without prejudice to the existing right of the United States and Canada, each to use the waters of the St. Mary's River, within its own territory; and further, that nothing in this treaty shall be construed to interfere with the drainage of wet, swamp, and overflowed lands into streams flowing into boundary waters, and also that this declaration shall be deemed to have equal force and effect as the treaty itself and to form an integral part thereto.

The exchange of ratifications then took place in the usual form.

In witness whereof, they have signed the present Protocol of Exchange and have affixed their seals thereto.

DONE at Washington this 5th day of May, one thousand nine hundred and ten.

PHILANDER C KNOX

[SEAL]

JAMES BRYCE

[SEAL]

LAWS OF THE DOMINION OF CANADA

LEGISLATION ENACTED BY THE PARLIAMENT OF THE DOMINION FOR THE PURPOSE OF CARRYING INTO EFFECT THE PROVISIONS OF THE TREATY OF JANUARY 11, 1909, CREATING THE INTERNATIONAL JOINT COMMISSION.

[1-2 George V.]

CHAP. 28—AN ACT relating to the establishment and expenses of the International Joint Commission under the waterways treaty of January the eleventh, nineteen hundred and nine.

[Assented to 19th May, 1911, Amended 1914.] Ch. 5 of Geo. V. IV-V.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. The treaty relating to the boundary waters and to questions arising along the boundary between Canada and the United States made between His Majesty and the said United States, signed at Washington the eleventh day of January, one thousand nine hundred and nine, and the protocol of the fifth day of May, one thousand nine hundred and ten, in the schedule to this act, are hereby confirmed and sanctioned.

2. The laws of Canada and of the several Provinces thereof are hereby amended and altered so as to permit, authorize, and sanction the performance of the obligations undertaken by His Majesty in and under the said treaty; and so as to sanction, confer, and impose the various rights, duties and disabilities intended by the said treaty to be conferred or imposed or to exist within Canada.

3. Any interference with or diversion from their natural channel of any waters in Canada, which in their natural channels would flow across the boundary between Canada and the United States or into boundary waters (as defined in the said treaty) resulting in any injury on the United States side of the boundary, shall give the same rights and entitle the injured parties to the same legal remedies as if such injury took place in that part of Canada where such diversion or interference occurs; but this section shall not apply to cases existing on the eleventh day of January, one thousand nine hundred and nine, or to cases expressly covered by special agreement between His Majesty and the Government of the United States.

4. The exchequer court of Canada shall have jurisdiction at the suit of any injured party or person claiming under this act in all cases in which it is sought to enforce or determine as against any person any right or obligation arising or claimed under or by virtue of this act.

5. The International Joint Commission, when appointed and constituted pursuant to the said treaty shall have power, when holding joint sessions in Canada, to take evidence on oath and to compel the attendance of witnesses by application to a judge of a superior court of the Province within which such session is held, and such judge is hereby authorized and directed to make all orders and issue all processes necessary and appropriate to that end.

6. The governor in council may appropriate annually, out of the consolidated revenue fund, a sum not exceeding seventy-five thousand dollars toward the payment of the salaries of the commissioners to be appointed by His Majesty on the recommendation of the governor in council, as well as the salaries of the secretary and other officers and employees, and also all other expenses which may be incurred by such commissioners, with the approval of the Secretary of State for External Affairs, together with one-half share of all reasonable and necessary joint expenses of the said commission incurred by it and, under the terms of the said treaty, required to be paid in equal moieties by the high contracting parties.

7. Each of the said commissioners who is appointed by His Majesty shall receive as compensation for his services an amount to be fixed by the governor in council, but not in any case to exceed the sum of seventy-five hundred dollars per annum. The secretary appointed by the Canadian section of the commission under the provisions of the said treaty shall receive as compensation for his services a sum not exceeding four thousand dollars per annum.

2. In addition to the said compensation the commissioners and secretary shall receive their actual travelling and other expenses necessarily incurred in connection with and in the course of the discharge of their official duties.

3. The commissioners may from time to time employ, subject to the approval of the Secretary of State for External Affairs, such clerical and other assistance as is deemed advisable; their compensation and expenses to be fixed at such amounts as may be determined by the commissioners and approved by the Secretary of State for External Affairs, and the commissioners are further authorized to expend an amount to be fixed by the Secretary of State for External Affairs, not in excess of six thousand dollars per annum, for office accommodation, equipment, and supplies.

APPENDIX 2

I ELIZABETH II

B

CHAP. 43

An Act to amend The International Boundary Waters Treaty Act

(ASSENTED TO 4TH JULY, 1952.)

Her Majesty, by and with the advice and consent of the Senate 1911, c. 28;
and House of Commons of Canada, enacts as follows. 1914, c. 5.

1. Sections six and seven of The International Boundary Waters Treaty Act, chapter twenty-eight of the statutes of 1911, are repealed and the following substituted therefor:

"6. (1) The members of the Canadian section of the Commission shall be paid such salaries as are fixed by the Governor in Council, but the salary of the Chairman shall not exceed fifteen thousand dollars per annum and the salary of each of the other members shall not exceed ten thousand dollars per annum. Salaries of Canadian Commissioners.

(2) A Secretary of the Canadian section of the Commission and such other officers, clerks and employees as are required for the purpose of this Act may be employed under the provisions of the Civil Service Act. Secretary and other employees.

7. All expenses incurred in carrying out the provisions of this Act and the said Treaty shall be paid out of money appropriated by Parliament for the purpose. Expenses.

8. This Act shall be administered by the Secretary of State for External Affairs." Administration.

APPENDIX 3

Canada
Treaty Series,
1950. No. 3.

Treaty between Canada and the United States of America
concerning

The Diversion of the Niagara River
Signed at Washington, February 27, 1950
Came into force on October 10, 1950

Canada and the United States of America, recognizing their primary obligation to preserve and enhance the scenic beauty of the Niagara Falls and River and, consistent with that obligation, their common interest in providing for the most beneficial use of the waters of that River,

Considering that the quantity of water which may be diverted from the Niagara River for power purposes is at present fixed by Article V of the treaty with respect to the boundary waters between Canada and the United States of America, signed at Washington January 11, 1909, between Great Britain and the United States of America, and by notes exchanged between

the Government of Canada and the Government of the United States of America in 1940, 1941, and 1948, authorizing for emergency purposes temporary additional diversion,

Recognizing that the supply of low cost power in northeastern United States and southeastern Canada is now insufficient to meet existing and potential requirements and considering that the water resources of the Niagara River may be more fully and efficiently used than is now permitted by international agreement.

Desiring to avoid a continuing waste of a great natural resource and to make it possible for Canada and the United States of America to develop, for the benefit of their respective peoples, equal shares of the waters of the Niagara River available for power purposes, and,

Realizing that any redevelopment of the Niagara River for power in Canada and the United States of America is not advisable until the total diversion of water which may be made available for power purposes is authorized permanently and any restrictions on the use thereof are agreed upon,

Have resolved to conclude a treaty in furtherance of these ends and for that purpose have appointed as their plenipotentiaries:

Canada:

H. H. Wrong, Ambassador Extraordinary and Plenipotentiary of Canada to the United States of America, and

The United States of America: *

Dean Acheson, Secretary of State of the United States of America,

Who, after having communicated to one another their full powers, found in good and due form, have agreed upon the following articles:

ARTICLE I

This Treaty shall terminate the third, fourth and fifth paragraphs of Article V of the treaty between Great Britain and the United States of America relating to boundary waters and questions arising between Canada and the United States of America dated January 11, 1909, and the provisions embodied in the notes exchanged between the Government of Canada and the Government of the United States of America at Washington on May 20, 1941, October 27, 1941, November 27, 1941, and December 23, 1948 regarding temporary diversions of water of the Niagara River for power purposes.

ARTICLE II

Canada and the United States of America agree to complete in accordance with the objectives envisaged in the final report submitted to Canada and the United States of America on December 11, 1929, by the Special International Niagara Board, the remedial works which are necessary to enhance the beauty of the Falls by distributing the waters so as to produce an unbroken crestline on the Falls, Canada and the United States of America shall request the International Joint Commission to make recommendations as to the nature and design of such remedial works and the allocation of the task of construction as between Canada and the United States of America. Upon approval by Canada and the United States of America of such recommendations the construction shall be undertaken pursuant thereto under the supervision of the International Joint Commission and shall be completed within four years after the date upon which Canada and the United States of America shall have approved the said recommendations. The total cost of the works shall be divided equally between Canada and the United States of America.

ARTICLE III

The amount of water which shall be available for the purposes included in Articles IV and V of this Treaty shall be the total outflow from Lake Erie to the Welland Canal and the Niagara River (including the Black Rock Canal) less the amount of water used and necessary for domestic and sanitary purposes and for the service of canals for the purposes of navigation. Waters which are being diverted into the natural drainage of the Great Lakes System through the existing Long Lac-Ogoki works shall continue to be governed by the notes exchanged between the Government of Canada and the Government of the United States of America at Washington on October 14 and 31 and November 7, 1940, and shall not be included in the waters allocated under the provisions of this Treaty.

ARTICLE IV

In order to reserve sufficient amounts of water in the Niagara River for scenic purposes, no diversions of the water specified in Article III of this Treaty shall be made for power purposes which will reduce the flow over Niagara Falls to less than one hundred thousand cubic feet per second each day between the hours of eight a.m., E.S.T., and ten p.m., E.S.T., during the period of each year beginning April 1 and ending September 15, both dates inclusive, or to less than one hundred thousand cubic feet per second each day between the hours of eight a.m., E.S.T., and eight p.m., E.S.T., during the period of each year beginning September 16 and ending October 31, both dates inclusive, or to less than fifty thousand cubic feet per second at any other time; the minimum rate of fifty thousand cubic feet per second to be increased when additional water is required for flushing ice above the Falls or through the rapids below the Falls. No diversion of the amounts of water, specified in this Article to flow over the Falls, shall be made for power purposes between the Falls and Lake Ontario.

ARTICLE V

All water specified in Article III of this Treaty in excess of water reserved for scenic purposes in Article IV may be diverted for power purposes.

ARTICLE VI

The waters made available for power purposes by the provisions of this Treaty shall be divided equally between Canada and the United States of America.

ARTICLE VII

Canada and the United States of America shall each designate a representative who, acting jointly, shall ascertain and determine the amounts of water available for the purposes of this Treaty, and shall record the same, and shall also record the amounts of water used for power diversions.

ARTICLE VIII

Until such time as there are facilities in the territory of one party to use its full share of the diversions of water for power purposes agreed upon in this Treaty, the other party may use the portion of that share for the use of which facilities are not available.

ARTICLE IX

Neither party shall be responsible for physical injury or damage to persons or property in the territory of the other which may be caused by an act authorized or provided for by this Treaty.

ARTICLE X

This Treaty shall be ratified and the instruments of ratification thereof exchanged at Ottawa. The Treaty shall come into force upon the date of the exchange of ratifications and continue in force for a period of fifty years and thereafter until one year from the day on which either party shall give notice to the other party of its intention of terminating the Treaty.

In witness whereof, the undersigned plenipotentiaries have signed this Treaty.

Done in duplicate at Washington this twenty-seventh day of February, 1950.

For Canada:

H. H. WRONG

For the United States of America:

DEAN ACHESON

APPENDIX 4

DEPARTMENT OF EXTERNAL AFFAIRS CANADA

OTTAWA, March 9, 1944.

Sir:

I have the honour to inform you that in order to determine whether a greater use than is now being made of the waters of the Columbia River System would be feasible and advantageous, the Governments of the United States and Canada have agreed to refer the matter to the International Joint Commission for investigation and report pursuant to Article IX of the Convention concerning Boundary Waters between the United States and Canada, signed January 11th, 1909.

2. It is desired that the Commission shall determine whether in its judgment further development of the water resources of the river basin would be practicable and in the public interest from the points of view of the two Governments, having in mind (A) domestic water supply and sanitation, (B) navigation, (C) efficient development of water power, (D) the control of floods, (E) the needs of irrigation, (F) reclamation of wet lands, (G) conservation of fish and wildlife, and (H) other beneficial public purposes.

3. In the event that the Commission should find that further works or projects would be feasible and desirable for one or more of the purposes indicated above, it should indicate how the interests on either side of the boundary would be benefited or adversely affected thereby, and should estimate the costs of such works or projects, including indemnification for damage to public and private property and the costs of any remedial works that may be found to be necessary, and should indicate how the costs of any projects and the amounts of any resulting damage be apportioned between the two Governments.

4. The Commission should also investigate and report on existing dams, hydro-electric plants, navigation works, and other works or projects located within the Columbia River system in so far as such investigation and report may be germane to the subject under consideration.

5. In the conduct of its investigation and otherwise in the performance of its duties under this reference, the Commission may utilize the services of engineers and other specially qualified personnel of the technical agencies of Canada and the United States and will so far as possible make use of information and technical data heretofore acquired by such technical agencies or which may become available during the course of the investigation, thus avoiding duplication of effort and unnecessary expense.

I have the honour to be,

Sir,

Your obedient servant,

(Sgd.) W. L. MACKENZIE KING

Secretary of State for External Affairs

APPENDIX 5

TABLE I

EXISTING AND PLANNED HYDRO ELECTRIC POWER PLANTS ON THE COLUMBIA AND ITS TRIBUTARIES
IN THE UNITED STATES, NORTH OF THE SNAKE

River	Site	Installed capacity, KW		Total planned
		Existing and under construction	Future additions	
Flathead.....	Glacier View.....		210,000	210,000
	Hungry Horse.....	300,000		300,000
Pend d'Oreille.....	Albeni Falls.....	42,600		42,600
	Noxon Rapids.....		200,000	200,000
	Cabinet Gorge.....	216,000		216,000
	Box Canyon.....	60,000		60,000
	Boundary.....		918,000	918,000
Kootenai.....	Libby.....		800,000	800,000
	Katka.....		552,000	552,000
Columbia.....	Grand Coulee.....	1,944,000		1,944,000
	Chief Joseph.....	1,728,000		1,728,000
	Wells.....		588,000	588,000
	Rocky Reach.....		910,000	910,000
	Rock Island.....	245,000		245,000
	Priest Rapids.....		1,219,000	1,219,000
	McNary.....	980,000		980,000
	John Day.....		1,105,000	1,105,000
	The Dalles.....	980,000	140,000	1,120,000
	Bonneville.....	518,400		518,400

Note on Table I:

The possibility at the present level of the Grand Coulee reservoir of adding a third powerhouse with an installed capacity of 977,000 kilowatts has also been mentioned, and it is said that this would not be justifiable with the upstream storage available at the present time.

APPENDIX 6

TABLE II

THE SITUATION IN RESPECT TO STORAGE IN THE UNITED STATES PORTION OF THE COLUMBIA BASIN NORTH OF THE SNAKE

River	Site	Capacity MAF		Character of storage	
		Existing	Planned	Annual	Cyclic
Flathead (North Fork).....	Glacier View.....		3.2	?	?
Flathead (South Fork).....	Hungry Horse.....	3.0		Annual and Cyclic	
Pend d'Oreille.....	Albeni Falls.....	1.1		Annual	
Kootenai.....	Libby.....		5.0	Annual	
Columbia.....	Grand Coulee.....	5.1		Annual	
Total.....		9.2	8.2		

APPENDIX 7

TABLE III

POSSIBLE DAMS, STORAGES AND POWER PLANTS ON THE KOOTENAY AND COLUMBIA RIVERS IN CANADA

Location	Nature of dam	Head, Feet	Installed Capacity	Annual Storage
			KW.	ac. ft.
<i>Kootenay River—</i> Bull River.....	Earth fill.....	220	285,000	2,915,000* (Kootenay water only)
Dorr.....	Earth fill.....	43	100,000	Run of river.
In U.S.— (Libby).....				
(Katka).....				
Duncan Lake.....				1,000,000
Kootenay Lake— West Kootenay and Cominco (5 plants).....	Concrete.....	360, total developed	363,500 +	750,000, 6 ft. Order Possible addition 375,000.
City of Nelson.....			13,000†	
			276,500	
<i>Columbia River—</i> Luxor.....	Earth fill.....	73	46,600	730,000* (Columbia water only)
Donald Canyon.....	Concrete gravity...	114	82,500 or 135,000	Run of river
Mica.....	Rock fill.....	563	1,100,000 or 1,320,000	10.5 (now increased to 11.8)
Priest Rapids.....	Undecided.....	255	650,000 or 700,000	Run of river
Little Dalles.....	Undecided.....	145	350,000 or 420,000	Run of river
Murphy Creek.....		From 35 feet up to possibly 70 feet.	From 250,000 up.	From 4,000,000 up.

* Note: The Bull River-Luxor reservoir will have a capacity of 3.4 million acre-feet.

† Nelson.

APPENDIX 8

TABLE IV

COMPARISON OF COSTS AND BENEFITS, LIBBY II AND MICA
(on the basis of no diversions to or from the Columbia River)

	Libby	Mica
Cost of dam and reservoir.....	\$223,000,000*	\$192,000,000
Cost of power plant.....	56,000,000*	55,000,000
Total.....	\$279,000,000	\$247,000,000
Installed capacity, KW.....	800,000 KW	1,100,000 KW
Firm power, KW at site.....	248,000 KW	525,000 KW
Available storage, acre-feet, based on draw-down.....	5,010,000 50%	10,500,000 35%
Normal full pool elevation of reservoir, feet above sea level.....	2,459	2,435
Estimated head normal full pool.....	344	563
Energy from one use of reservoir in billion KWH, at 85% efficiency of generation:		
(a) At Site.....	1.5	4.5
(b) Downstream in Canada.....	1.5**	4.0
(c) Downstream in United States assuming full development..	(360' head) 6.0 (1450' head)	(435' head) 11.0*** (1200' head)

NOTES: * Estimated

** 0.4 only realizable with existing development.

*** The benefit is stated for use of the water in the Columbia system. In the case of diversion to the Fraser this benefit in large part remains with Canada.

In summary, on a basis of no diversions into or out of the Columbia River, for a cost of \$247 million for Mica as compared with a cost of \$279 million for Libby, Mica will produce 525,000 KW of firm power as compared with Libby, 248,000 KW.

In downstream benefits under conditions of full development in the Columbia system the energy which will be available from one release of Mica storage in that system will be 15.0 billion KWH of which 11.0 billion is in United States and 4.0 billion is in Canada, as compared with Libby, 7.5 billion KWH, of which 6.0 billion is in the United States and 1.5 billion is in Canada.

APPENDIX 9

TABLE V

COMPARISON OF POSSIBILITIES AT LIBBY AND KATKA WITH PERMITTED FLOODING AT THE EAST CROSSING OF THE KOOTENAY RIVER OF 150 FEET AND 37 FEET RESPECTIVELY; IN THE LATTER CASE THE MEAN FLOW OF THE KOOTENAY BEING REDUCED BY 5,000 C.F.S. DIVERTED AT CANAL FLATS.

Permitted Flooding at Boundary (feet)	150	37
Mean Annual flow at Libby (c.f.s.).....	10,900	5,900
Capacity of Reservoir (Acre-feet).....	5,985,000	2,200,000
Live Storage at 50% drawdown (acre-feet).....	5,010,000	1,700,000
Normal full head.....	344	232
Installed Capacity at Libby KW.....	800,000	220,000
Firm Capacity (Estimated) KW.....	248,000	90,000
Installed Capacity at Katka KW.....	552,000	250,000
Firm capacity at Katka KW.....	205,000	100,000
Energy in live storage KWH realizable at 85% efficiency from one use of the stored water:	Million KWH	
(a) at Libby.....	1,500	350
(b) at Katka with head 263 ft.....	1,130	380
(c) *on West Kootenay with head 319 ft. and full development.....	1,370	470
(d) in U.S. below Boundary 872 ft.....	3,750	1,300

* Of this only .4 billion KWH is realizable in the Existing plants.

A diversion of 5,000 c.f.s. of mean annual flow from the Kootenay would result in some reduction of power output on the West Kootenay in low water years unless storage additional to that at present available on Kootenay Lake under the IJC 6-foot Order is provided.

APPENDIX 10

TABLE VI

EFFECT OF A DIVERSION OF 5000 C.F.S. REGULATED FLOW FROM KOOTENAY TO COLUMBIA AND THE THOMPSON AND FRASER RIVERS

A regulated flow of 5000 c.f.s. for a year is approximately 3,600,000 acre-feet. The effect of this diversion on energy generation (at 85% efficiency) and assuming a condition of full development at each site is as follows:

	Head	MILLION KWH		
		REDUCTION	ADDITION	
		In Canada	In U.S.	In Canada
Bull River.....	210'	650		
Libby (+ 37 feet at boundary).....	232'		730	
Katka.....	263'		820	
West Kootenay Plants flow only partially used with existing capacity.....	319'	400		
Full development in U.S. south of boundary.....	1200'		3,700	
Luxor.....	90'			280
Calamity Curve.....	114'			350
Mica.....	563'			1,750
Priest Rapids.....	255'			790
Dalles.....	(Diversion)			nil
Thompson and Fraser including Summit Lake.....	1000'			3,100
Total.....		1,050	5,350	6,270
Less Reduction at Bull River and West Kootenay.....				1,050
Net gain in Canada.....				5,220

NOTE: 3.1 Billion KWH for generation from 5000 c.f.s. of added regulated flow on Thompson and Fraser is a minimum estimate based on utilization of about 3/4 of the fall only. To this figure should be added the power to be derived from Fraser Basin water whose use has been made possible by the added regulating flow from the Columbia.

APPENDIX 11

TABLE VII

DEMANDS FOR WATER, PRESENT AND PROSPECTIVE, AT GRAND COULEE IN PERIOD OF FILLING RESERVOIR

Conditions	Volume of water, acre-feet		Notes
	Typical year of mean flow	Minimum Year 1943-44	
<i>Supply from natural flow in storage period.....</i>	132 days	109 days	These figures are taken from hydrographs drawn from mean monthly flows and they are therefore approx. only.
Columbia at bdy.....	44,720,000	26,300,000	
Spokane and other rivers in U.S.....	2,980,000	1,800,000	
Total under present conditions of development....	47,700,000	28,300,000	
<i>Requirements in storage period—</i>			Ultimate plan as given in U.S. Army 308 Report.
Operation turbines at full gate during period of storage.....	22,500,000	18,500,000	
To fill reservoir.....	5,100,000	5,100,000	
Pumped for irrigation.....	4,000,000	4,000,000	
Total.....	31,600,000	27,600,000	
Surplus.....	16,100,000	700,000	
Requirement to be stored for diversion to Fraser basin.....	15,000,000	15,000,000	
Surplus or Deficiency.....	1,100,000	14,300,000	
<i>Effect of an additional commitment to supply from dam at Castlegar.....</i>	3,000,000	3,000,000	
Consequent remaining surplus or deficiency.....	1,900,000	17,300,000	

B.L.
 P 471.

STANDING COMMITTEE

APPENDIX 11—Continued

POSSIBLE STORAGES FROM WHICH MINIMUM FLOW DEFICIENCIES MIGHT BE MADE UP, IF THE RESERVOIRS IN QUESTION ARE KEPT FULL MEANWHILE FOR OPERATION AS CYCLIC STORAGE, THAT IS, IN YEARS OF VERY LOW FLOW ONLY. AT OTHER TIMES THE POWER DEVELOPED AT SITE WILL BE AVAILABLE.

Reservoir	Capacity in ac. ft.	Head, in feet	Kilowatts Installed	Notes
<i>In United States—</i>				
Hungry Horse*.....	2,980,000	480	285,000	Exists
Springston Project.....	2,500,000			
Ninemile Prairie.....	960,000			
Glacier View.....	3,160,000			
Paradise.....	4,080,000			
Albeni Falls.....	1,140,000			Exists
Katka.....	850,000	(flood storage)		
Priest Lake.....	870,000			
<i>In Canada—</i>				
Murphy Creek**.....	4,000,000	Various proposals from 35 ft. to 60 ft. approx. under consid- eration.	From 250,000 to 450,000 depending on head.	At same elevation on Arrow Lakes as Section 8 proposal.
+ 3 ft. on Kootenay Lake.....	375,000			If this higher eleva- tion is found prac- ticable there will be substantial in- creases of storage and at-site power.
Duncan Lake.....	1,000,000			
Possible extra drawdown at Mica* to give cyclic storage.....	4,000,000		1,330,000	The use of this reserve in order to keep Fraser plants in opera- tion would in- volve large loss in at-site power at Mica.

* Hungry Horse has been built by the United States primarily to maintain levels at Grand Coulee. It is reasonable that a nation's deficiencies must be met from its own resources as far as possible before claims are made on another country.

** If 3,000,000 acre-feet of storage is dedicated to Castlegar project under contract Murphy Creek will not be developed and not only will the commitment to U.S.A. have been increased by 3 million ac. ft. but the possibility of using the potentialities of Murphy Creek of 4 million ac. ft. or more to compensate deficiencies will be lost, thus creating difficulties for which no solution is apparent.

Canada - External Affairs
Standing Committee on 1955

HOUSE OF COMMONS

Second Session—Twenty-second Parliament

1955

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L.-PHILIPPE PICARD, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

THURSDAY, MARCH 10, 1955

WITNESS:

General A. G. L. McNaughton, Chairman, Canadian Section,
International Joint Commission.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

MINUTES OF PROCEEDINGS

THURSDAY, March 10, 1955.

(3)

The Standing Committee on External Affairs met at 11.00 o'clock a.m. this day. The Chairman, Mr. L. Philippe Picard, presided.

Members present: Messrs. Applewhaite, Balcer, Bell, Breton, Byrne, Cannon, Cardin, Crestohl, Fulton, Garland, Gauthier (*Lac Saint-Jean*), Green, Henry, Herridge, James, Jones, Jutras, Kirk (*Shelburne-Yarmouth-Clare*), Low, Lusby, Macnaughton, McMillan, Patterson, Pearkes, Richard (*Ottawa East*), Stick, Stuart (*Charlotte*), Studer.(29)

In attendance: Honourable Jean Lesage, Minister of Northern Affairs and National Resources; Mr. Maurice Lamontagne, Assistant Deputy Minister; General A. G. L. McNaughton, Chairman, Canadian Section, International Joint Commission; Mr. J. L. Dansereau, Commissioner; Miss E. M. Sutherland, Secretary; Mr. J. L. MacCallum, Legal Adviser; Mr. J. D. Peterson, Engineering Adviser; Mr. D. G. Chance, Assistant Secretary.

The Committee resumed consideration of Bill No. 3.

General McNaughton was called and read a supplementary statement on the work of the International Joint Commission.

Before adjournment, Honourable Mr. Lesage read and tabled a further suggested amendment.

At 12.15 noon, the Committee adjourned until 3.30 o'clock p.m. this day.

(4)

The Committee resumed at 3.30 o'clock p.m. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Applewhaite, Balcer, Bell, Breton, Byrne, Cannon, Cardin, Crestohl, Garland, Green, Herridge, James, Jones, Jutras, Kirk (*Shelburne-Yarmouth-Clare*), Low, Lusby, MacInnis, McMillan, Montgomery, Patterson, Pearkes, Richard (*Ottawa East*), Stick, Stuart (*Charlotte*), Studer.(27)

In attendance: Same as at morning's sitting.

General McNaughton was called and examined at some considerable length.

It was agreed to defer all questions concerning legal interpretations to the Deputy Minister of Justice.

At 5.35 o'clock p.m., General McNaughton's examination still continuing, the Committee adjourned until 11.00 o'clock a.m. Friday, March 11th.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

THURSDAY, March 10, 1955.

The CHAIRMAN: Gentlemen, we have General McNaughton with us again this morning. With your cooperation I shall expect to carry on the same method as we followed yesterday, namely, to let General McNaughton put on the record such remarks as he has to make.

General McNaughton is available again this afternoon and, if needed, tomorrow morning. I understand that the General will speak today concerning the relation of the work of the International Joint Commission to the international aspects coming under this bill, as well as with regard to the legal aspects of the Boundary Waters Treaty of 1909.

Yesterday everything went wonderfully well. So, I expect that we shall be able to carry on in the same way, and as I have said, the General will be available at a later time for questioning. I now call on General McNaughton.

General A. G. L. McNaughton, Chairman, Canadian Section, International Joint Commission, called.

The WITNESS: Thank you, Mr. Chairman.

I understand that as a part of your preliminary consideration of the International Rivers Bill you would wish me to give you a general account of the work of the International Joint Commission in relation to the problems of boundary waters and of waters which flow across the boundary between Canada and the United States, and which come to the commission under the provisions of the Boundary Waters Treaty of 1909.

The International Rivers Bill purports to create an administrative arrangement for dealing with certain domestic or internal Canadian aspects of works in international rivers, and the treaty, and the commission under the treaty, has to do principally with the external or international aspects of the same or related problems. It seems to me therefore that you might find it useful to have under your hand for ready reference the text of the treaty; the text of the Act of parliament by which it was confirmed and sanctioned in 1911; and the Rules of Procedure of the commission.

These are contained in this small brochure which I ask the chairman's permission to distribute and which I would be very pleased if you would each retain with the commission's compliments.

The International Joint Commission, established pursuant to the Treaty of 1909, was designed to provide a continuing mechanism with wide authority in particular fields through which problems between the United States and Canada, arising along the 5655 miles of boundary between them could be brought under review at their inception, and before there was danger that they might magnify and enlarge through controversy to an extent which would alarm and embitter public opinion in either country, thus making their eventual solution increasingly difficult.

Preamble

Certainly this wise conception of dispelling trouble in advance was uppermost in the minds of the plenipotentiaries who negotiated the treaty; this is shown by the opening paragraph of the preamble which refers to the high contracting parties as "being equally desirous to prevent disputes regarding the use of boundary waters and to settle all questions which are now pending...; along their common frontiers, and to make provision for the adjustment and settlement of all such questions as may hereafter arise..."

Preliminary Article

"The waters from main shore to main shore of the lakes and rivers and connecting waterways...along which the international boundary...passes" for more than half its long course from the Atlantic to the Pacific are defined as "boundary waters" and the duties and authority vested in the Commission by the Treaty of 1909 distinguishes sharply between these waters and those waters which "in their natural channels would flow into" or "from" the boundary waters, or "the waters of rivers flowing" from one country to the other "across the boundary".

The text of the Treaty shows that the plenipotentiaries had a very clear conception of the varied character of the questions which were likely to arise in each of these several categories of water and certainly they have provided the commission with authority which has proved apt in each one of the particular sets of circumstances which have had to be met.

The use to be made of "boundary waters" is a matter of very deep concern to the inhabitants of the region regardless of the side of the boundary on which they may happen to live, and it is important that whatever individuals or communities may do with these waters for their own advantage they should not prejudice the welfare of others or put anyone at an unfair disadvantage.

Furthermore, these lakes and rivers along the boundary are not minor features of the landscape but vast assets of far-reaching and enduring importance, on the proper use of which depends the future economic development and prosperity of the whole region in both countries.

Art. I

The Treaty recognizes these intimate joint interests of the two countries in these boundary waters. It provides that their navigation "shall forever continue free and open for the purposes of commerce to the inhabitants and to the ships, vessels and boats of both countries" but "subject however to any laws and regulations of either country within its own territory, not inconsistent...and applying equally and without discrimination".

Art. I
para. 2

These rights of free navigation, so long as the Treaty remains in force extend also to "the waters of Lake Michigan" (which is asserted by the U.S. not to be a boundary water) "and to all canals connecting boundary waters, and now existing or which hereafter may be constructed..."

Art. I
para. 2

"Free", means free in the sense of free to use, and not in the financial sense, because tolls may be charged provided they "shall apply alike" and both "High Contracting Parties shall be placed on terms of equality..."

Art. VIII
para. 1

The Treaty also implicitly recognizes the difficulties which would be presented to the inhabitants on the two sides of boundary waters in coming together and making adequate arrangements for the development of their joint interests if they had to proceed separately through the ordinary national legislative, economic and

legal systems and the like of their respective countries. To help in the mutual trans-boundary arrangements required and for the better and more convenient regulation and development of these interests the Commission is given "jurisdiction" and is required to "pass upon all cases involving the use or obstruction or diversion of the waters" in question.

It is provided that in the exercise of this jurisdiction by the Commission "the High Contracting Parties shall have, each on its own side of the boundary, equal and similar rights in the use of... boundary waters"; and in order that past arrangements should not be called in question it is prescribed that "existing uses of boundary waters on either side" are not to be disturbed. So as to avoid controversy as far as may be possible by far-sighted legislation based on convenience, the Treaty specifies that wherever conflict occurs the use of water for "domestic and sanitary purposes" shall have priority over "navigation" and that use for navigation shall take precedence over "uses for power and for irrigation".

"It is further agreed that... boundary waters and waters flowing across the boundary are not to be polluted on either side to the injury of health or prosperity on the other".

By the Treaty and except as may be "provided for by special agreement..." "no further or other uses or obstructions or diversions, whether temporary or permanent, of boundary waters on either side of the line, affecting the natural level or flow of boundary waters on the other side of the line, shall be made except by authority of the United States and the Dominion of Canada within their respective jurisdictions and with the approval, of the International Joint Commission".

By these provisions the power to initiate plans for "the deepening of channels, the construction of breakwaters, the improvement of harbours" and the like is left to the respective Governments on their own sides of the line, "provided . . ." that the results "do not materially affect the level or flow . . . on the other . . .", in which case these plans must be submitted by the Government concerned to the Commission for "approval".

In the case of waters "flowing from boundary waters or . . . flowing across the boundary", the principal cause for dispute which was apprehended was the possible construction of some work downstream from the boundary "the effect of which is to raise the natural level of waters on the other side". Works of this character and effect are not permitted unless "the construction or maintenance thereof is approved by the . . . International Joint Commission".

These far-reaching and quite novel provisions, vesting wide jurisdiction and authority in the International Joint Commission, are based on the experience of the Commission's predecessor, the International Waterways Commission, which was set up by the concurrent legislation of the United States (1902) and of Canada (1905) for the purpose of investigating and reporting upon the condition and use of waters adjacent to the boundary.

The fundamental new conceptions underlying the Treaty of 1909 are largely due to the inspiration of a great Canadian, Sir George Gibbons, who had been chairman of the Canadian Section of the International Waterways Commission. Sir George Gibbons' colleague in drafting the Treaty of 1909 was Chandler P. Anderson,

a distinguished lawyer from New York, who had been specially retained by the U.S. Department of State. Both these gentlemen had wide experience and insight into the causes likely to lead to controversy and their views as to proper methods for the resolution of such difficulties as might arise, were closely followed by the plenipotentiaries and other authorities of the two countries in the drafting of the Treaty.

Art. IV
and
Art. IX

I have spoken of the authority of the Commission over "boundary waters" and "waters flowing from boundary waters and waters flowing across the boundary", where jurisdiction in the joint interest of those concerned in both countries—individuals, communities and governments—has been given in wide measure, without precedent in international affairs. I now turn to the other categories of problems which come before the Commission only at the specific instance of the two Governments. I refer to the general problems concerning waters which "in their natural channels would flow across the boundary, or into boundary waters". Here the Commission has jurisdiction, as I have mentioned, in the case of works below the boundary causing flooding into the upstream country, but otherwise only as may be specified by the two Governments in a Reference or report approved by those Governments.

Art. II
Art. IV

In these cases the waters in question originate in a region which is essentially national in character and go to another which has the same character and while they are in the boundary zone they are of only passing and limited international concern, except should any action by one government result in damage on the other side.

When these streams have or resume their purely national character the Federal, State, or Provincial Governments, each in their proper fields, are competent to legislate to reflect the desires and interests of those concerned and to provide appropriate authority on which to base effective administration.

In this of course one of the primary responsibilities of the federal authority of Canada is to insure that, in the exercise of such jurisdiction, due consideration will be given to the established rights of others downstream beyond the boundaries of Canada, whether they be of individuals or states or the downstream nation itself.

This is one particular point of great importance in the new legislation which is before you for consideration.

While there was some suggestion in the Treaty negotiations that streams crossing the boundary should be dealt with as boundary waters, fortunately, I think, these practical considerations were recognized and on the initiative of the United States Secretary of State, Elihu Root, the Treaty leaves the national authority in these waters entirely undiminished, but it requires that this *national* authority shall itself provide the means whereby if anyone on the other side is aggrieved he may obtain redress.

Art. II
para. 1

This redress is to be effected by another novel provision, that for the future "any interference with or diversion from their natural channel of such waters on either side of the boundary, resulting in any injury on the other side of the boundary, shall give rise to the same rights and entitle the injured parties to the same legal remedies as if such injury took place in the country where such diversion or interference occurs;". This is a remarkable provision enabling as it

does the citizens of one country to go into the law courts of another country and even to sue the Government of that country itself if they should feel that their interests have been wrongly or unfairly dealt with. In our case Parliament enacted in 1911 that the Exchequer Court "shall have jurisdiction at the suit of *any* party or person claiming under this Act . . . "

1-2 Geo. V
Chap. 28
Clause 4.

In the case of "interference with or diversion of waters on the other side of the boundary the effect of which would be productive of material injury to navigation interests on its own side" each nation reserves in the Treaty "any right which it may have to object . . . ". In the atmosphere of close technical cooperation which happily exists between the Departments of the two federal Governments charged with the development and maintenance of navigation facilities on the lakes and streams along the boundary, this reservation has proved merely to represent an extra precaution on the preservation of rights.

Art. II
para. 2

The Treaty of 1909 defined the agreement reached between the two countries in the particular cases of the diversion of waters at Niagara for the generation of power and the division of the flow of the St. Mary and the Milk Rivers in Montana and Alberta for irrigation. In both cases what was sought was a formula which would give equality in the benefits to be derived by each country.

Art. V

Art. VI

The Niagara provisions have now been superseded by the Niagara Diversion Treaty of 27 February 1950 which has subsequently been ratified by both countries. Under this Treaty very substantial increases of flow are made available to each country for the generation of power which is now so urgently required. All the rights acquired by Canada have been made available (Agreement dated 27 March 1950) to the Province of Ontario in accordance with the established policy that the Canadian Provinces should have the rights to power in their rivers even if these rivers are in part international in character.

In the Niagara Diversion Treaty, in order to ensure the preservation of the scenic beauty of the Falls by the construction of works to redistribute the flow, the commission was invited "to make recommendations as to the nature and design of such remedial works and the allocation of the task of construction as between Canada and the United States". Ontario agreed to construct such works in Canada as were decided upon and the Ontario Hydro-Electric Power Commission was designated to do the actual work under the direction of the International Joint Commission. The remedial works are now well advanced and the construction of the new works for power which will add about a million installed horsepower to the plants in the Queenston vicinity approaches completion.

The IJC's continuing responsibilities relate to the measurement of flows and their allocation as between countries and as between the service of power and scenic beauty to accord with the terms of the treaty.

Art. VI

The St. Mary-Milk Rivers agreement, after interpretation by the commission, has stood the test of time. Large sums of money have been and continue to be invested in putting the divided water from these rivers on the land in the respective countries and vast areas are now under crop where before there was little but sage brush. The commission continues to exercise direction over the measurement and apportionment of the water to be used by each country.

Art. VI
para. 3

Thus consequential interests continue to develop and to acquire substance and stability. Neither side was entirely satisfied by the original arrangement but it now seems clear that the important thing was a firm decision which would allow the work of irrigation to proceed. That is the view of our authorities, who are very averse to re-opening this matter because of the resulting uncertainty which would trouble the minds of those who farm the lands in question.

Art. III In addition to the provisions giving the commission jurisdiction in regard to "boundary waters", to other "waters which flow therefrom", and to "waters which cross the boundary" as I have described, the treaty of 1909 provides that "any other question or matters of difference involving the rights, obligations, or interests... along the common frontier... shall be referred... to the... commission for examination and report, whenever either... Government... shall request..."

Art. IX In these cases the commission is required to proceed to investigate and report in accordance with the terms of the particular reference which has been made to it by the governments. It is specified that "such reports... shall not be regarded as decisions of the questions or matters so submitted either on the facts or the law, and shall in no way have the character of an arbitral award".

Art. XII At first sight these limitations may seem formidable but in practice they have in no way compromised the useful results which have been secured; in fact the opposite is the case because these carefully drawn conditions have given the commission a useful frame of reference for its work. The commission in such references relies on a thorough study of the facts which are counterchecked and amplified in open hearings invariably held to provide a "convenient opportunity" in the localities in which the problem at issue has come to attention "for all parties interested" to be heard. At these hearings any individual with a bona fide interest in the outcome can appear either in person or by counsel to have his say with complete freedom. It has been shown by repeated experience that when a highly complex and misunderstood situation is thus reduced to a statement of correct and verified technical facts, there then is little difficulty for the Commission to arrive at an agreed recommendation. And, with an agreed recommendation from the commission the subsequent agreement of the governments is greatly facilitated.

In the result, in its long history there are only three cases of a division in the commission on the issue of an order or of a report to be rendered to governments. One case was on a point of procedure and not of substance; another (the St. Lawrence Order of 29 October, 1952) related to the incidence of certain expenditures as between power and navigation. In the third case, in February 1932 the United States Government requested the International Joint Commission to reopen its order of 4 October 1921 and to modify the apportionment of the St. Mary and Milk Rivers made under the terms of Article VI of the treaty. In this case the commission divided equally and each Section reported to its own Government. That is the last which has been heard of it.

Also, in the references which have been completed there is only one case in which the governments have not acted favorably (Pollution Reference, 1912) on the commission's recommendations.

I would like here to say in reviewing the action taken at that time that we can be devoutly grateful to the wisdom of the government that took the stand which they did.

The treaty of 1909 contains still another extraordinary provision which may be used on occasion to further broaden the authority and functions of the Commission. With a view to meeting a possible requirement which was foreseen, but never used so far, the treaty provides that "any questions or matters of difference . . . may be referred for decision . . . by the consent of the two parties, it being understood that on the part of the United States any such action will be by and with the advice and consent of the Senate and on the part of His Majesty's Government with the consent of the Governor-General in Council".

If this provision is invoked the treaty further provides that "a majority of the Commission shall have power to render a decision . . ." and if " . . . the . . . Commission is equally divided" then the Commission's report "shall thereupon be referred for decision . . . to an umpire chosen in accordance with the procedure . . . of the Hague Convention . . . of 1907. Such umpire shall have power to render a final decision" That is, if such a course is embarked upon to deal with a difference or dispute it must proceed to finality and the governments have agreed in advance that the decision will be accepted.

Such then are the powers, the duties and the functions, partly judicial, partly investigative, partly administrative, which have been vested in the International Joint Commission, a body comprised of three Commissioners appointed by the United States and three Commissioners appointed by Canada, each of whom shall "make and subscribe a solemn declaration in writing that he will faithfully and impartially perform the duties imposed upon him under this treaty"

The Commission largely determines its own procedure to fit the needs of particular references and to assist it has the call upon the members of the technical services of either government. Evidence may be taken on oath and the attendance of witnesses may be compelled, but these extreme powers have only once, so far as I am aware, been used.

Mr. Chairman: As the Committee is particularly concerned with the problems presented by rivers flowing across the boundary, I have thought it might be of some service to the members to summarize the Treaty provisions and legal principles in a statement for presentation. This document represents the results of the studies carried out in the Canadian Section over the last several years with a view to arriving at conclusions to guide our actions day by day, always having regard to the fact that the Parliament of Canada has legislated that should injury occur on the United States side of the boundary then "The Exchequer Court of Canada shall have jurisdiction at the suit of an injured party"

I must say, Mr. Chairman, that despite all the care and study which has gone into the preparation of this document the conclusions must perhaps be regarded as somewhat speculative, because so far there has been no occasion, since the ratification of the Treaty of 1909, when disputes on these matters either in Canada or in the United States have been taken to the Courts of the upper riparian

state by anyone claiming injury in a downstream state. In consequence, we lack the benefit of knowing what would be the judgments of the courts of competent jurisdiction in such cases.

Perhaps we can take it as some measure of tribute to the work of our predecessors on the Commission that in the some seventy issues over the last forty-four years which have been dealt with so far no one in either country has felt the need to make use of this privilege of access to the courts of the other.

With your permission, Mr. Chairman, I table copies of this document for the members of your Committee.

If you wish it this can be taken as read or I will be happy to read it to you.

The CHAIRMAN: I think it will be in order if General McNaughton would read it.

GENERAL McNAUGHTON: This is the statement of the treaty provisions and legal principles. It is the work of our legal adviser and myself, and since the questions at issue have been very vital to the way in which we should decide the various cases that came before us, speculative or not, we had to have a doctrine on which to proceed, and this is the doctrine which we have evolved for our own guidance. We hope when the time comes, as undoubtedly it will, that the Exchequer Court of Canada will have some of these cases to decide judicially; that it will have been shown that we have been able to forecast at least the generality of what might come into their lordships' minds.

The Boundary Waters Treaty of 1909, pursuant to which the Governments of the United States and Canada created the International Joint Commission, defines the rights of the two countries and of their respective residents with respect to "waters which in their natural channels would flow across the boundary". In the Columbia Basin, the Columbia River itself, and its tributaries, the Similkameen and Okanagan Rivers, flow across the boundary into the United States, while the Pend d'Oreille River flows across the boundary into Canada, where it joins the Columbia and re-crosses into the United States. The Kootenay River flows from Canada into the United States and then re-crosses the boundary into Canada before joining the Columbia River north of the boundary.

The definition of the rights of the respective parties is given in Article II of the 1909 Treaty which provides that, subject to existing treaty provisions, such as those giving navigation privileges, there shall be reserved to the United States and Canada and their respective States and Provinces "the exclusive jurisdiction and control over the use and diversion, whether temporary or permanent, of all waters on its own side of the line, which in their natural channels would flow across the boundary". This provision carries into the Treaty of 1909 the long-held views of the United States with respect to international law, as applied to rights in rivers flowing from one country into another country.

Article II of the Treaty goes on to provide in addition, however, that "any interference with or diversion from their natural channel of such waters on either side of the boundary, resulting in any injury on the other side of the boundary, shall give rise to the same rights and entitle the injured parties to the same legal remedies as if such injury took place in the country where such diversion or interference occurs." This provision is somewhat unique in international law, requiring, as it does, the national authority itself to provide the means whereby, if anyone in the other country is injured, he may seek redress in the law courts of the upstream country where the diversion or interference occurs.

By an Act passed by the Canadian Parliament in 1911, the Exchequer Court of Canada was given jurisdiction over cases covered by Article II, where parties or persons in the United States claim to have suffered injury as a result of any interference with or diversion in Canada of waters which in their natural channel would flow across the boundary.

In analysing the Treaty position in respect to the rights of the United States and Canada to the flows in the Columbia basin, where, as mentioned previously, all the rivers which are of international concern flow across the boundary, the first question to be considered is the nature of the "injury on the other side of the boundary" which will entitle persons or parties in the United States to seek redress in the Exchequer Court of Canada.

It should be borne in mind that the old water law of England, based on riparian rights, which was brought to the English Colonies in America at the beginning of the European colonization and which is still current to some extent in domestic law in the East, never was in effective use in the West and Southwest. In large parts of the West, both in Canada and the United States, water law consists of statutory enactments of the various legislatures in both countries, based on the doctrine of appropriation: whoever first appropriates water to a beneficial use has a prior right thereto, so long as he continues to exercise it. The appropriation must be of a specific amount of water, for a specific, beneficial purpose and must be perfected in due course by actually constructing the necessary works and putting the water to use.

The relevant statute of the State of Washington, where Grand Coulee Dam is situated, provides that "...all waters within the state belong to the public, and any right thereto, or to the use thereof, shall be hereafter acquired only by appropriation for a beneficial use and in the manner provided and not otherwise; and, as between appropriations, the first in time shall be the first in right..." Oregon, the other State through which the Columbia River flows, and Montana and Idaho, through which the Kootenay River passes, have similar legislation in effect. As between Canada and the United States, the local State and Provincial laws and also any inconsistent Federal laws of earlier date are of course subject to the provisions of the Boundary Waters Treaty of 1909.

In the study of these matters there are three kinds of interference with conditions in nature which need to be considered.

In the first, the upstream state may divert the flow of a river in whole or in part while it remains within its territory. This the upstream state, under the provisions of Article II of the Treaty of 1909, is lawfully entitled to do *if it can*. If diversion is made and injury results in the downstream country, the injured parties are given, as previously mentioned, access to the courts of the country where the diversion or other interference with the flow has been made, on terms of full equality with the citizens of that country.

Counsel for Montana and the United States, in a recent case before the International Joint Commission, have argued forcibly that the rights of a downstream country extend only to payment in compensation for damage done and not to an injunction against diversion. There is merit in this argument, for Article II of the 1909 Treaty reserves to the upstream country the exclusive jurisdiction over the use and diversion of such waters on its own side of the boundary. If the diversion could be halted by an injunction obtained by a citizen of the downstream country, this provision of Article II of the Treaty would be rendered meaningless. Whether or not an injured party would be entitled to obtain an injunction, or only monetary damages, will only be known when and if a case is taken to the courts.

So far, there has been no occasion in either country for their nationals to have recourse to this privilege, granted pursuant to Article II of the 1909 Treaty, of going into the courts of justice of the other for legal remedy, whatever it may be.

In a second category of possibilities of interference with flow, a downstream country might build a dam or other obstruction in the stream which would have the effect of raising water levels above the boundary. This is specifically forbidden by Article IV of the Treaty of 1909 unless approved by the International Joint Commission, which is required under Article VIII to ensure that suitable and adequate provision, approved by it, is made "for protection and indemnity against injury of all interests on the *other* side of the line which may be injured thereby".

In addition, in cases when the International Joint Commission makes its approval conditional on the construction of protective or remedial works, to compensate so far as possible for the particular use or diversion proposed, Article VIII provides that the International Joint Commission may require that suitable and adequate provision be made for the protection and indemnity of all interests on *either* side of the boundary.

The first case in an analogous category to come before the International Joint Commission was an "Application" for authority to build a dam at Grand Falls on the Saint John River in New Brunswick. Here the water has flowed "out of boundary waters" into which the flooding caused by the dam would extend, thus inundating a strip of land along the river in Maine, as well as a similar strip on the other side in New Brunswick.

Eminent counsel in that case asserted on behalf of the United States a claim to a share of the power generated at the downstream site in Canada, proportional to the additional head there made available by the increase of level at the boundary, multiplied by the United States share of these boundary waters, that is the half share or "equal division" of boundary waters between the two countries, as specified in Article VIII of the 1909 Treaty. The validity of this argument was recognized when the applicant voluntarily agreed to make available on demand, for purchase and use in the State of Maine, a specific amount of power which was approximately equivalent to the amount claimed by counsel for the United States.

The counsel in question holds today the most eminent juridical position in the world. He is president of the Court of International Justice, and among the votes which placed him as a member of that court was an affirmative vote given by Canada, which I had the privilege of casting on behalf of this country.

Mr. STICK: What is the name, please?

The WITNESS: The name is Green H. Hackworth.

The International Joint Commission issued an order of approval, conditional upon the terms of this agreement being carried out, although the Commission specifically disclaimed any intention of either recognizing or rejecting the principle contended for by Counsel for the United States Government.

Thus in the result the argument of the counsel of the United States was permitted to prevail.

The argument of United States Counsel in the Saint John River case is equally applicable to the case of waters flowing across the boundary where a dam below the boundary raises the level of waters at the boundary. In such case, however, the upstream country owns the whole interest in water above the boundary, not merely a half interest as in the case of boundary waters, and consequently the upstream country would be entitled to receive a share of the power generated at the downstream site proportional to the increase of water level at the boundary, multiplied by "one", rather than by "one-half".

The project for a dam at Libby, Montana, for which a new application is now before the International Joint Commission, is a case in point of flooding across the boundary.

Here the flooding at the boundary would be 150 feet and the upstream state, British Columbia, is entitled under this principle to an allocation proportional to this increase of level multiplied by the whole flow of the Kootenay from above the boundary.

This represents something more than $\frac{1}{3}$ of the total at-site power to be generated at Libby. This power would of course be paid for at the going rate to cover cost and return on investment, which was the arrangement at Grand Falls on the Saint John River.

③ In a third category of cases is the question of storage of water in the upstream country and its release in regulated flow or otherwise. If the release is regulated, this may constitute a very valuable service to the power plants in the downstream country by making additional water available for power generation during periods of low natural flow. Since the downstream country has no right to this service, it must be prepared to recompense the upstream country in acceptable form if it desires the service.

Should the storage and release of water in the upstream country, instead of conferring a benefit, constitute an interference in flow which could be claimed to cause damage to established rights in the downstream country, either by reduction of flow below the normal at times it was needed, or by an increase of flow above normal, causing damage by flooding, then the problem would come in the first category of cases outlined and the matter could be dealt with in the courts of the upstream country.

The upstream country is under no compulsion, either physically or by treaty in respect to the stored water. It possesses an unqualified option for the release of this water, in timing and in rate of flow, subject of course to the rights given under Article II of the 1909 Treaty to established interests downstream which may be injured by such storage or releases.

Where the flow of a river is regulated in the upstream country at the request of the downstream country, the additional power which can be generated at sites in the downstream country by reason of the regulated release of water from storage represents the product of an association, and in equity there should be a sharing between the countries of the resulting power.

This principle of recompense in power in exchange for natural resources contributed to a project has been recognized in a number of treaties providing for the hydro-electric development of rivers flowing across international boundaries in Europe. It is recognized also at the United States domestic level in the draft Columbia Interstate Compact, which was approved by the representatives of the affected States of the United States on 29 December, 1954. This final edition of the Compact is markedly less favourable to upstream interests than the numerous versions which preceded it; nevertheless it provides for the inclusion, in the legislation or licence authorizing a hydro-electric project on an inter-state river, of a reservation requiring the operator of the project to make available, for purchase and use in the upstream state where the project is located, a specified, equitable share of the additional power generated at downstream plants as a result of the co-ordinated release of stored water.

The authority to make this reservation of power for purchase and use in the upstream state would be in addition to the authority which the United States Federal Power Commission now possesses, to require any licensee to reimburse the owner of an upstream reservoir from which a direct benefit is derived, for a part of the annual charges for interest, maintenance and depreciation on such reservoir. The reservoir contemplated by this section of the Federal Power Act, however, is one built by a licensee or permittee of the Federal Power Commission or by the United States so that, at the moment, it would have no application to a reservoir built in Canada which benefits projects downstream in the United States.

In order to protect the interests of Canada in the case of the construction of reservoirs in Canada which benefit projects downstream in the United States it will be necessary therefore, in advance of construction, to enter into a treaty or agreement precisely defining the amount and form of recompense to Canada for the natural resources of Canada contributed to the project.

The WITNESS: Mr. Chairman, may I venture at this time to turn back the pages of history to a statement made by Sir Wilfrid Laurier on the 6th of December, 1910 when the Treaty of 1909 was before parliament for ratification.

I have referred several times to Article II and the completely different basis of the water law which it introduced, contrary to the then commonly accepted riparian doctrine under which a person on the banks of a stream had the right to have the water come to him forever, undiminished and undefiled; and he, in turn, had an obligation of a similar sort to pass it on to his neighbour downstream.

That was not the law in the United States. It was a law which was not suitable to the western United States particularly, where water had to be withdrawn from streams to wash the gravel to get the gold out of it, on many occasions, or for some other use such as to irrigate lands which otherwise would have been desert.

As I indicated in my presentation, there was a new form of law which had come in. It was a law current in the Mediterranean; it was a Roman law, a law used in North Africa in the Roman colonies, where irrigation was of primary importance.

That law was brought to the Americas by the people who followed Columbus. It became the law of the Spanish colonies in Mexico, and from there it spread to California. In the days of the gold rush, when people were moving up the Columbia, the Kootenay and other rivers into our country, the miners carried that same law of appropriation with them, because it was thought to be suitable to the occasion. Thus it came into use.

When we came to codify the law in this treaty, the people who negotiated the treaty for the United States, in the preliminary discussions which took place—for the United States it was Mr. Elihu Root, the then Secretary of State of the United States—those people were completely adamant that no law but the appropriation law could possibly be brought into effect.

It was argued most forcibly by Sir Wilfrid Laurier. He and Sir Robert Borden were entirely in agreement on such matters at that time, that the treaty should reflect the traditional type of legislation which we had in Canada, namely, the riparian law. But as Sir Wilfrid Laurier put it, the most important thing was not what the law was, but to have a law which would be equally incident on the people in the two countries.

To that end, and in order to establish a lawful procedure through which our disputes could go, with the principles for their reconciliation or adjudication, he, and the parliament of Canada with him, agreed to accept the United States Administration's views. So it is the United States' views which are incorporated in the Treaty of 1909.

We have been in the position that down the years the operation of this law and this treaty provision have acted against the interests of Canada. I can give you a number of instances of it but I do not think it is necessary to do so today.

But now circumstances have changed because in the principal area of contention, Canada is no longer the downstream state but rather it is the upstream state, and we think it is pretty poor business to have people—irresponsible people, I shall say, not governments—contending that when the advantage of the local position from which we have suffered down the years at last has turned, that Canada should change the ground work.

This is what Sir Wilfrid said:

But in this case, whether we liked it or did not like it, the United States had taken the position that international law provides that, except in matters of navigation, the upper power has the right to use the water within its own territory as it thinks best. What were we to do? They might do so, and if they did so, they might do it to our injury and we had no recourse whatever. Was it not wiser, then, under such circumstances, to say: Very well, if you insist upon that interpretation you will agree to the proposition that if you do use your powers in that way you shall be liable to damages to the party who suffers. At the same time we shall have the same power on our side, and if we chose to divert a stream that flows into your territory you shall have no right to complain, you shall not call upon us not to do what you do yourselves, the law shall be mutual for both parties and both parties shall be liable to damages.

Before finishing, Mr. Chairman, there is one little matter I would like to report to this committee. We have, of course, as we always have in the International Joint Commission at its meetings, been completely frank with our colleagues, and we have explained to them just what we had in mind. I am sorry, gentlemen; I have so many papers that I cannot put my hand on the exact quotation, but I remember it very well.

We explained to our colleagues at the last meeting of the International Joint Commission, in general terms, just what I explained to you yesterday, namely, that we had under careful study the question of the diversion and use of waters of the Kootenay River through to Canal Flats, and that we had also reached a point where we were giving consideration to the diversion of some fifteen million acre feet from the Mica Creek, Bull River, and Luxor reservoirs, to be taken through the mountains and used in the valley of the Fraser where it would enable them to do a great part of the developments in that stream which were called for, without in any way inhibiting the use of this river for the propagation of salmon, which is so important.

At the conclusion of that meeting, my colleague, Mr. Len Jordan, a former governor of Idaho, who is now the chairman of the United States section of the commission, made the observation that he did not question the right of Canada to divert these waters under the Treaty of 1909.

Following that, counsel for the United States took the floor and mentioned that of course if we did divert he would remind us of the provisions for judicial determination that are given in Article II of the Treaty of 1909, and that if interests in the United States were injured, then they had the right to compensation.

Later I reminded both parties that we were equally sensible or sensitive to these provisions of the law and that we were being—and would be—very careful indeed to see that nothing was done which would compromise or injure the United States.

I hope that in my presentation to you yesterday I was able to carry to you a picture of the commission, and the assurance that it is going to be very careful in these matters.

We feel, in fact, gentlemen, that we can make recommendations which can be carried out and which will not injure any lawful and rightful interest of the United States, and at the same time these proposals will give to Canadians what is rightfully Canadian, in the right of the province of British Columbia. These immense resources, vast as they are, without a shadow of a doubt will be required within the next two or three decades.

What we seek to do is not to set up perhaps a full scale utilization of any of these waters, but to make available to every province a plan for a co-ordinated and comprehensive development which will see to it that down the years when power is becoming so increasingly important for the welfare of the people and of the community, that they will have that power.

The CHAIRMAN: Now, gentlemen, we have had yesterday and today two very serious, elaborate, and technical presentations.

We have now ready for distribution mimeographed copies of General McNaughton's presentation yesterday and we will try to get the first part of his remarks of to-day mimeographed and distributed. The second part you already have.

I wonder if it would not be wise for us to adjourn now until 3.30 this afternoon to give the members time to get their ideas together, at which time we can start a period of questioning, should any member so desire; and it would give every member an opportunity to do it on a better basis.

Mr. Low: I so move.

The Hon. Mr. LESAGE: Mr. Chairman, before we adjourn, let me say that in my remarks yesterday I mentioned the amendments to Bill No. 3 now before the committee which the government would be ready to accept if moved at the appropriate time, but I forgot one minor one, which is simply for clarification. It has to do with clause 5 on page 2 of said bill regarding penalty, and it prescribes penalties as follows:

on indictment, a fine "of five thousand dollars" or imprisonment for a term "of five years"; on summary conviction, a fine "of five hundred dollars" or imprisonment for a term "of six months".

As they now read, these penalties appear as absolute penalties rather than the setting of maximum limits of penalties.

The government would be prepared to accept an amendment providing for maximum limits of penalties rather than absolute penalties, as follows:

delete the word "of" in lines 6, 7, 9, and 10 of page 2 clause 5, and substitute therefor in each case the words "not exceeding". That is, the four "of's" in the four lines I have mentioned would be replaced in each case by the words "not exceeding".

The CHAIRMAN: Now, with your permission we will take first this afternoon yesterday's presentation which is being distributed now, and the period of questioning will be open at 3.30.

AFTERNOON SESSION

The CHAIRMAN: We now have a quorum and I shall call the meeting to order.

As agreed this morning we shall proceed with the period of questioning of General McNaughton.

General A. G. L. McNaughton, Chairman, Canadian Section International Joint Commission, recalled.

The CHAIRMAN: Mr. Applewhaite.

By Mr. Applewhaite:

Q. Mr. Chairman, I would like to ask General McNaughton a question. Does the International Joint Commission take in the boundary between Canada and Alaska as well as the boundary between Canada and the continental United States?—A. The answer is yes, sir.

Q. Then I wonder if General McNaughton could tell me about this: there is or there was a treaty between Great Britain and Russia in 1825 dealing with the use of rivers crossing Alaska from Canada, and giving to the subjects of his Britannic Majesty rights for ever on those rivers. The question I would like to ask is whether or not the sale of Alaska to the United States affected the validity of that treaty and whether Alaska was sold subject to that easement or not.—A. I would hesitate to venture to express an opinion on that. We have in the room the law officers of the crown from the Department of External Affairs, who are skilled in the art of treaty interpretation and I think that if I wanted to know that myself, I would go straight to them.

Q. Perhaps one of them could be called later, Mr. Chairman.

The CHAIRMAN: Yes. The Deputy Minister of Justice will be here at a later date and anything which specifically concerns the interpretation of any article may be referred to him at a later date.

The WITNESS: I would say this, however, that in my practical day by day working out of these problems along the western and northern boundaries that lie between the panhandle of British Columbia and the Yukon Territory on the one hand and Alaska on the other, that the subject matter is being discussed in terms of the 1909 Treaty with the United States which gives us very substantial rights in the navigation of those rivers. I believe the ambit of that treaty is certain to give us the practical answer to all the problems, including those of water.

By Mr. Applewhaite:

Q. Speaking generally, is it fair to say that the position, in so far as the 1909 Treaty is concerned, is this: that rivers running into Alaska would be the same as those running into the continental United States?—A. It has been so held in a number of discussions which we have had with the United States; and also I was referring particularly to the question of the diversion of the Yukon River, where tributaries of the Yukon River are brought into Atlin Lake, and the two alternative projects. One project was put forward by the Aluminium Company of America, under which those waters would be taken out of the Atlin Lake down the Taiya to the boundary. An alternative project put forward by the Lindsley interests, whereby the waters would be taken out at the south end of Atlin Lake down to Taku.

There has never been any question but that Canada as the upper riparian state under the 1909 Treaty has the right to those waters.

Q. General McNaughton has answered the next two questions I was going to ask him. But coming now to your presentations of yesterday and this morning, is it correct understanding that should, in the United States, with respect to what we call international rivers flowing into the state—should the Americans establish a new power plant, or other new uses for the waters—whether it was for irrigation and so forth—should they establish a use for that water, that they then acquire the right to continue to use it, and that if we interfere with that right we would be subject to be sued for damages?—A. That, sir, is the fact. The language is somewhat different. I think the matter is so delicate that, if I may, I will quote exactly the words, because every syllable of those words has a bearing upon our rights.

The situation as to rights, as I pointed out this morning, is covered in Article II of the Treaty of 1909. May I read it again? It reads as follows:

ARTICLE II

Each of the High Contracting Parties reserves to itself or to the several State Governments on the one side and the Dominion of Provincial Governments on the other as the case may be, subject to any treaty provisions now existing with respect thereto, the exclusive jurisdiction and control over the use and diversion, whether temporary or permanent, of all waters on its own side of the line which in their natural channels would flow across the boundary or into boundary waters; but it is agreed that any interference with or diversion from their natural channel of such waters on either side of the boundary, resulting in any injury on the other side of the boundary, shall give rise to the same rights and entitle the injured parties to the same legal remedies as if such injury took place in the country where such diversion or interference occurs; but this provision shall not apply to cases already existing or to cases expressly covered by special agreement between the parties hereto . . .

What that means is—or it has been held to mean that if we acquiesce in the United States interests taking waters of an international stream as it is defined, from a river that flows from Canada into the United States, and putting those waters into use, into beneficial use, and continuing to make that beneficial use, then they have acquired the right of appropriation, and if we should interfere with them, then we are liable to a suit for damages.

Now, it has been mentioned by some that there might be a power in the courts to forbid that use or there might not. We are in a state of uncertainty as to just how the courts of competent jurisdiction would interpret it.

Q. The courts of which country?—A. In the case of our diverting a stream which flows from Canada into the United States, in Canada the court of competent jurisdiction is the Exchequer Court of Canada. If, on the other hand, we had a river which flows from the United States into Canada, it is their Supreme Court.

Q. And we have no control whatever over the nature or size of any plant which the Americans might decide to install on their side of the boundary line?—A. None. The essence of this law of appropriation is, as I read out this morning, quoting I think from the Washington Statute, “first in time, first in right”.

Q. Then, the logical result of what you have said is if on the American side of certain rivers the plants require a certain amount of water which is there today we have to keep that same amount of water running always or suffer the legal consequences?—A. Or, as I explained in connection with Grand Coulee, in the Waterton-Belly case, a case of high level to low level, it was asserted, and I think it is a doctrine well founded, that before they could claim on us for continuing flow they would have to make the fullest use of their own facilities in their own country to supply that flow and that is why in table No. 7 I think I listed for convenience of reference all the reservoirs south of the boundary of waters that flow into Grand Coulee which go south of the line that conceivably we might suggest they make use of rather than come to us. But it is speculative, mark you.

Q. I am not trying to put word's in the General's mouth, I am trying to interpret the terms of the treaty in layman's language. I wonder if it would be fair to say if we knowingly acquiesce in the construction of plants on the American side which will use an increasing amount of water, where we are to some extent allocating a certain amount of water to American

use in effect, can we, afterward in the Pacific northwest, that is in southern British Columbia, Washington, Oregon and Iowa, after this allocation for the exclusive use of the Americans, take additional water to that which they are already using now downstream from us?—A. I took the story of the Similkameen as an example to illustrate what happens when we stand idly by, if I can put it that way, and acquiesce in the actions being taken, in the United States. The water is taken into use, into beneficial use, and we wake up when some question arises and find that it is described to us by our friends south of the line as a vested interest, which so far we have had to respect.

Q. Well, do your investigations indicate to you whether we have—I am talking about the foreseeable future—water which we can safely allocate to American use thus divesting ourselves of any right to divert it or store it?—A. I think that the whole burden of my remarks yesterday was—and it stands very much in my mind—that as far as the full power development of the Columbia Basin is concerned we are on a very narrow margin.

Q. May I ask, without any intended disrespect, if that opinion is based on surveys or investigations?—A. Based on the closest information that we can get, the cumulative results of the surveys and of the investigations of the precipitation and run-off and so on, that have been going now since 1944 under the auspices of the International Joint Commission.

Q. Now, if I may follow up another line, under the treaty of 1909 you told us this morning that there are provisions and procedure worked out to take care of the situation which may arise if the acts of one country change the level of the water in the other, either by damming and flooding or by cutting off the water and reducing the level. That, I take it, in both boundary and international waters is taken care of. Is there any similar machinery or provision under the treaty, or elsewhere, dealing with the regulation of the flow of a stream or boundary water or international water, regulating as against a permanent change in the original resolution?—A. In the latter part of my remarks this morning I read a paper in which we set out the various ways in which we might interfere with flows across the boundary. I indicated in that paper what the rights of the two parties would be in the event of such interference.

Q. Do you know, sir, whether there is any federal American law covering the same question, that is the installation of works for the regulation of flow of rivers passing from one state to another?—A. I quoted this morning, as I recall, a provision in the Federal Power Act which requires the persons who build a dam upstream on an interstate river to receive from the power interests downstream a certain proportion of the costs back in payment of the services which they have rendered by making regulated flow available. That provision is the only one I know of.

Q. The point I am trying to get at is, without trying to give you what I think is the answer, that I have the impression—and please correct me if I am wrong—that the change of level is taken care of by the International Joint Commission; that if there is anything at all governing the regulation of the flow it is a government measure on one side of the line or the other?—A. In the United States it would certainly be subject to a license or permit from the Federal Power Commission. We would have nothing to say in that case unless the change of the level was reflected into waters, when we have Articles 3 and 4 of the treaty.

Q. I have two more questions I would like to ask. Have the International Joint Commission studies gone far enough to state definitely that it is practicable and feasible to divert certain waters of the Columbia into the Fraser?

—A. The answer is that those investigations are proceeding. There have been field studies carried out which indicate favourable possibilities. They indicate also that there are no insurmountable obstacles which have been encountered so far, but the field studies of this year will be required to prove it definitely.

We have asked, as you know, in the estimates for a considerable sum of money, some \$250,000, to devote to those particular field studies.

Q. It is still in the investigation stage?—A. With a high measure of probability that it will prove satisfactory.

Q. Now, I would like to ask General McNaughton, who was the chief Canadian administrator of the treaty of 1909, and with reference to the treaty only—I am not talking about the Constitution of Canada or the United States, but in so far as the treaty of 1909 is concerned—if Canada has the legal right to pass this Bill No. 3 vis-a-vis the United States?—A. You are asking, if I may say so, an engineer for an opinion which ought to come from the law officers of the Crown.

The CHAIRMAN: I think that is a question which we might hold in abeyance.

By Mr. Applewhaite:

Q. I would like General McNaughton's opinion because I think he is not only an engineer but a very capable legal authority as to what went on in the treaty of 1909.—A. I would not mind giving my own personal opinion if you will divorce me from the position of the Canadian Chairman of the International Joint Commission. I have no doubt that under the British North America Act, and the duties and responsibilities imposed on the federal government of Canada by that Act, that the government not only has a right but it has a duty.

By Mr. Green:

Q. General McNaughton, in the plans you have outlined to the committee you have explained that there are several projects which are of a very substantial nature. For example, diverting the head waters of the Kootenay River into the Columbia River, the erection of a big dam at Bull River in the east Kootenay, then the Mica Creek Dam up at the head of the big bend, another dam at Priest Rapids, another at Little Dalles and the diversion of a portion of the Columbia River to the Fraser River system. Now, what is your idea as to the method by which those plans could be implemented? For example, where would the authority rest to carry out any or all of these plans? Do you have in mind that there should be set up some body which would include dominion and provincial representation, or just how or in what manner do you believe that these great plans could be implemented?—A. Mr. Green, I think I have tried to make it very clear on several occasions during my remarks in the last two days that the ownership of the power sites and the responsibility for developing them is, under our constitution, the British North America Act, essentially a matter for the provinces.

In the case of Ontario, for example, the work on the Niagara that we have just finished, while the international aspects of the arrangement were carried out by the federal government of Canada working with the United States, immediately the treaty was signed the full rights to the river for power purposes—I am speaking of Niagara—were turned over to Ontario, and the Ontario government in turn designated the Hydro-Electric Power Commission of Ontario as the entity to proceed.

The only restriction on their freedom was that the design and works had to be such that the requirements of scenic beauty, specified in the treaty, were adhered to.

They are also subject to legislation in regard to the export of power and similar acts, but the responsibility for the design, construction, and financing of those works falls on an agency of the government of Ontario.

Now, we have just been through, or have been going through arrangements in connection with the St. Lawrence which are very complicated. In the case of the big Barnhart power plant, as far as Canadian interests are concerned, exactly the same procedure has been followed, namely, that the power has been vested in Ontario. The Hydro-Electric Power Commission of Ontario has been made the entity to carry out these works, and they are in the process of carrying them out now in accordance with certain safeguards and overruling considerations which were incorporated into our arrangements with the United States.

For instance, the responsibility for power development is a provincial responsibility, subject to established safeguards with respect to many rivers of an international character. Therefore it would be the responsibility of British Columbia.

Q. But the Niagara and the St. Lawrence rivers are both boundary waters as distinguished from international rivers as defined under this bill, and the commission would have far more jurisdiction over the Niagara and St. Lawrence than over the Columbia, would they not?—A. We have more direct jurisdiction, if I may put it that way, over boundary waters because they use this strong term "jurisdiction" in connection with Articles III and IV, the commission having jurisdiction, in the case of rivers flowing across the boundary, where the commission may or may not be brought into the matter at the option of the government.

In this case as far as the commission is concerned, we are not in the stage of arranging developments, although upon occasion it has come pretty close to that, because we have been asked to do so by the British Columbia government itself. We have carried on talks with interested agencies in the United States. That is a sort of extra commission function, I suppose, which we have carried out to help as well as we could, but we have no jurisdiction over the building of the works. Our responsibility is to come up with and present to the governments the plan of the best use that we can obtain, and that is what we are working on under the reference.

Q. In so far as the Columbia river system is concerned, you are actually working out these plans which are then made available to the province of British Columbia and it will be their responsibility as to whether or not any of these projects are constructed?—A. That is the situation; and as to the implementation of them, the problems of course will be subject to whatever treaty arrangements may be negotiated later.

Q. Would it be possible, if an agreement were reached between the dominion government and the British Columbia government, to have a Columbia River basin authority set up to supervise or carry out all the projects that are constructed?—A. I would say that it is quite a practical procedure, but the initiative lies with the government of British Columbia at this stage.

Q. Would you think that that would be the most practical way to get the full development of the Columbia River system, or is there some other method which could be followed?—A. I think it would be wrong for me to express an opinion on that at this stage. I do not like to express opinions unless we have had an opportunity of really considering the whole of it. Of course we have looked, as have the people interested in the power development, at the various procedures which our American friends are attempting to follow in this same business, and the question of how the public are going to handle these enormous planned expenditures to provide their people with power in the future which experience indicates is on a rising scale.

We do not set ourselves up in the International Joint Commission to be any particular authority on that. That is something for which I think you would need the advice of other people. We have the basin out there and two organizations. The members of those organizations are working side by side. We have on the one hand in British Columbia the British Columbia power commission which is doing a lot of development; and then we have the private companies that are already doing a lot of development, such as the British Columbia Electric, and the Consolidated Mining and Smelting Company of Canada and the West Kootenay Power and Light Company. There are other companies of course. The business of organizing on a large scale necessitates something for which the initiative should lie with the British Columbia government, and they should decide how they are going to tackle it.

Q. The American states have themselves much the same problem in developing the Columbia River system below the border. In what way do they deal with this question of a proper sort of authority to develop the projects?—

A. In the United States the federal authority, notably the United States Army Engineers and the Bureau of Reclamation have much wider and more specific duties in relation to rivers than we have ever had vested to date in Canada in any federal jurisdiction.

The army engineers are responsible for reclamation, flood control, and river improvements; and the Bureau of Reclamation have taken on, or have had vested in them, the responsibility for great irrigation projects and the various uses of water which go with it.

We had a further complication in the basin in that when the Bonneville and Grand Coulee dams—which were the first two of the big dams—were built, it was an unemployment problem. Those dams were actually supported for many years and carried on under direct executive authority of the president with money voted for relief purposes. It was only late in the day when Congress took the matter up and passed the Grand Coulee and Bonneville Acts and brought them into focus with the rest of the economic region, I suppose.

At the start, of course, nobody seemed to think that the Grand Coulee, for example, was very important from a power point of view. It was built mostly to conserve the waters of the river for other purposes. Then the war came along. Large atomic energy plants had to be built with their vast demands for energy, and the need to get aluminum in vast quantities; and this all was taken into account in this great economic development, which was made possible because of the fact that power was available there.

This federal increase of power was charged to every possible subject under the sun, perhaps, except to power. I realize I have spoken rather extremely, but a lot of the costs were put off on these other charges, and it meant that the great private utilities were put at a disadvantage. We have this controversy which has raged in these regions, in the northwest states, between public and private power. With a change of administration there was a swing-over away from public power towards giving private power companies an opportunity to do their work, and we have now what they describe as the partnership policy.

Under that partnership policy the incentive is to create public utility districts, and for them and the private companies to undertake some of these major developments.

While there does not seem to be any more starts being made at the moment, it looks as if they are girding up their muscles in order to get going.

It was thought by many people that in this Columbia Basin compact which was evolving of which I spoke hopefully last year but considerably less hopefully yesterday—that today there would be a mechanism by which eventually the United States would bring these matters under the control of regional

organizations, with the states pretty well represented in them, but of course under the direction of the federal authority. Now, a clash has occurred over the diversity or divergence of interest between the upstream states and the downstream states.

In the earlier drafts of that compact, the state of Idaho and the state of Washington were in accord with views as to the value to be attributed to upstream storage, and the effect on the downstream states which benefited by it, and the need to recompense the upstream states. But that has been swept away and we now have, as I indicated yesterday, an entirely new proposal—yet it is not entirely new either—because the new proposal idea is apparently restricted to four states, Montana, Idaho, Washington and Oregon. The other states are left out. They are apparently proposing to set up a power authority much on the line of the St. Lawrence Seaway Development authority. That authority will have a board of directors partially named by the federal authorities and partially named by the states. Like the American arrangement in the port of New York, which is an interstate compact between New Jersey and New York, it will have the right to offer to the public what they call tax-free revenue bonds. That means that this authority will be raising money in a manner similar to that followed by public utilities at the present time. They can raise money at somewhere around two to two and three-quarters per cent. They will be the people who will finance the whole of this arrangement.

Q. If the dominion and the province of British Columbia could reach agreement in the setting up of an authority, would there appear to be any reason why these works could not be constructed by such an authority?—A. There is no reason at all why these works could not be administered by an authority of that nature. It would not be an international authority, however. If such an authority is created, it must, from the very nature of things, be Canadian in character because these are Canadian interests which must be looked after.

Q. I meant an authority set up by the dominion and the province.—A. Yes. That is past the point where we have gone. What we are responsible for doing in the International Joint Commission is to present governments with reports which will show the possibilities, not only the physical and the hydrological point of view but also the economic point of view. One of the reasons why I put before you one or two of the tables was because I thought it would be of great interest to members of parliament here to see the tremendous economic advantages which we have in the Mica Creek.

Q. That, of course, is the biggest development on the system, is it not?—A. Yes. That is the one development where our engineering studies are complete. It might interest members to have a look at the last report that we have received from our consulting engineers on Mica Creek. I would be very glad indeed to pass it around so that people can see the kind of project that it is and how thoroughly it has been gone into. On my Table 4, you can see what a favourable project we have got.

As to the total capital costs, I shall read the summary from Table IV. I compared it with Mica and Libby and I said:

In summary, on a basis of no diversion into or out of the Columbia River, for a cost of \$247 million for Mica as compared with a cost of \$279 million for Libby, Mica will produce 525,000 KW of firm power as compared with Libby, 248,000 KW.

In downstream benefits under conditions of full development in the Columbia system the energy which will be available from one release of Mica storage in that system will be 15.0 billion KWH of which 11.0 billion is in the United States and 4.0 billion is in Canada, as compared with Libby 7.5 billion KWH, of which 6.0 billion is in the United States and 1.5 billion is in Canada.

The figures of costs per kilowatt of installed capacity are around \$230; and on top of that you have the downstream benefits. These figures are comparable with the very favourable possibilities which are developed at Niagara. We only got the figures two days ago. These are very favourable figures indeed and should be attractive to any organization, whether it is an authority or private enterprise, and they are not too big for private enterprise either, or for an authority.

Q. I understand you to say yesterday that some of the works included in this plan could be proceeded with at the present time without any injury to the full development of the plan as the years go by. Could you tell the committee what works you had in mind as being possible at the present time?—A. One of the works we had particularly in mind, when I said that some of these works as a result of our studies are beginning to show up as works and projects that would certainly be included in any plan which we would recommend, is Mica.

Q. It could be proceeded with at once?—A. Yes, sir, subject to one condition and that is if for some reason or other we found it not practicable to divert the water around which we would take at Mica for downstream benefits, we would have to have a treaty on downstream benefits.

Q. Are there any other works you included in this plan which could be constructed now?—A. The economic aspect of these things is very important, not only as regards the works themselves, but as to the timing of the works. We are not, unfortunately, in the happy position of knowing our costs in other places in the system as we are at Mica, and we are working just as fast as we can with additional consulting engineers to get ourselves in that position.

Q. In effect the only project which you would say now you would be able to proceed with at once is the Mica Creek project?—A. That is right.

Q. You do not say that about the Murphy Creek development near the boundary?—A. We have not yet got the reports of our engineers on Murphy Creek. We have presently at this very minute a drill in the bottom of the river and the engineers know generally what they would like to do and I think it is fair to say there is an indication that the hopes that we have will be justified, but until we have the results of the foundation and the further consideration by the consulting engineers it is not definite.

Q. Apparently the Consolidated people are also considering that Murphy Creek project. I have clippings from a Vancouver paper of last week to that effect.—A. I think that will be the case with any group who are interested in development there. The site is what we call a natural if we can build it.

Q. That is below the proposed Kaiser Dam?—A. It is about two miles above Trail, below section 8. Perhaps I should mention that section 8, which is approximately where the Kaiser people are proposing to put their dam, was very carefully investigated by our engineers and the result of those studies was that we put the site to one side for the reason that it only represented a partial development, a partial use of the great possibilities of the Arrow Lakes for storage and inhibited a better development downstream at the Murphy Creek site provided we could do it. At the talks which went on I am free to say that the Kaiser engineers came to see us, and we listened to what they had to say and they were told that this proposition at Castlegar would in fact only represent the partial use of the great resources of the basin. They were told that we were in the process of investigation at this Murphy Creek site, and that we were convinced that this dam upstream could not be built without the sanction of the federal authority by reason of the responsibility which the federal authority has under the British North America Act. I made sure that the results of those conversations in detail, the verbatim record, went to the government of British Columbia.

Q. Perhaps this would be as good a time as any to ask you to tell the committee what the objections of the Canadian Members of the International Joint Commission are to the Kaiser Dam project?—A. Mr. Green, our responsibility under the terms of the reference which we carry from the two governments.

Q. That is, from the Canadian and United States Governments?—A. Yes—is to make a report and recommendations which will serve the public interest of the two countries; that is our responsibility. To see a great potentiality like the storage on the Arrow Lakes reduced to a small fraction—I should not say a small fraction—a fraction—of what is potentially there and available for the benefit of power production in the basin—not all for us—would be a recommendation we could not properly make unless and until it was shown conclusively that the site regarded by our engineers as being of more promise downstream was not practicable and it is highly unlikely that would be the case.

Q. What site do you mean?—A. Murphy Creek.

Q. Before you go on, if the Kaiser Dam went in then the Murphy Creek development would be impossible. Is that right?—A. One inhibits the other.

Q. Would you please go on with your objections to the Kaiser Dam proposal?

MR. STICK: Did you make objection? You make a report to the government; you do not object to it?

THE CHAIRMAN: Let the witness answer for himself please. We want to have the discussion as orderly as possible.

THE WITNESS: I think that that is a very comprehensive objection I have rendered, that we could not see our way clear to recommend such a project which would in our judgment inhibit the proper development of the basin.

By Mr. Green:

Q. The whole basin including the downstream benefits in the United States?—A. Yes. And I feel that the people who would be more worried about that than we would be, are our colleagues south of the line in the American section of the commission, because they are very interested in drawing the benefits from any storage that can be got in Canada. When considering the advisory report to the two governments they would have a right to voice those opinions, and I have no doubt they would voice those opinions in the report.

Q. Would the Murphy Creek proposal raise the level of the Arrow Lakes?—A. I cannot answer that at the moment because, until the borings in the bottom of the stream and on the banks are complete, the engineers cannot tell us what sort of a dam and how high a dam could be built. I can say this, that if the level that was put down for the section 8, or the Castlegar, project were carried through downstream over the Tin Cup Rapids and over the Murphy Creek site there would be a potential of head available of some 35 odd feet at the same identical level as flooding of the Arrow Lakes. If the head were available, with the American flow which exists in the Columbia River, the at site power installation would be about 250,000 kilowatts. Now, at the upper site, due to the waste of head in the Tin Cup Rapids below and backwater which can come up there, there was no possibility of the site power.

Q. At the Kaiser Dam?—A. I am not sure where the Kaiser Dam is. It has shifted itself several times. It is somewhere near what we call section 8 where we made a thorough investigation several years ago.

Q. Dealing with the question of downstream benefits, as I understood your evidence, those benefits must be negotiated for by the governments and any benefit that is derived for Canada would go to the province of British Columbia. Is that correct?—A. That is right, sir, unquestionably.

Q. Is it your thought that there should be a treaty negotiated covering downstream benefits in respect of the whole development in Canada or that there should be a treaty negotiated as each project is installed in Canada?—

A. To answer that question I will have to speculate a little bit. I cannot give you a positive answer. I can tell you the way I think it might work out. The International Joint Commission, in pursuit of its mandate and instructions under the Columbia Reference will in due course render a report to the two governments, and we will in that report undoubtedly, as we have done in like cases in the past, give the government positive recommendations as to procedure. Among those procedures would be proposals for definite agreements on this question of downstream benefits, and we would probably indicate to the governments the nature of the treaty or agreement that would have to be negotiated between the two countries in order to carry out these great developments and in order to regulate the flows of the level that go with them, and also very importantly the timing of the great developments, one as against the other. We would probably again, as in the St. Lawrence, offer our services to do the supervision of these works and of the flows of water and regulation of the whole business in the public interest.

Q. In your submission this morning you said in the last paragraph of the statement:

In order to protect the interests of Canada in the case of the construction of reservoirs in Canada which benefit projects downstream in the United States it will be necessary therefore, in advance of construction, to enter into a treaty or agreement precisely defining the amount and form of recompense to Canada for the natural resources of Canada contributed to the project.

Did you mean by that in the case of the Mica Creek project there should first be a treaty negotiated with the United States covering downstream benefits?—

A. Unless we should dispense with downstream benefits from Mica Creek by taking the water in our country through the Fraser. I cannot emphasize too much the importance of timing. Supposing we were to bring to Mica Creek, releasing the water in regulated flow, the benefit of the two plants we would have below at Priest Rapids and Little Dalles when the river has been regulated, then the regulated flow would go on downstream exactly as the United States would wish because our typical load curbs are almost identical. Then, these flows would be taken into use. The United States would be taking them into use, acquiring right to this regulated flow, and there is nothing we could do about it. It is there for all time to their advantage. That is why I say we can only keep the advantage in our negotiations by seeing that that is part of the bargain that we will be paid downstream benefits.

We have got to the point where, when I was before you last year, we were working on these matters primarily from the point of view of protecting Canada's interest through the payment of downstream benefits. We found no willingness on the part of the Americans at any level to accord us that privilege because they said to us, and this was said to me particularly by the Puget Sound Public Utilities officials who came down to talk about Mica particularly, "Why should we pay more than we want to pay for downstream benefits because you are going to regulate the flow and we are going to get it anyway". I was at that time in a very difficult position because while I had the preliminary reports of the engineers that it was possible to get the water out of the basin, they were not confirmed reports and I had to sit and take it.

Q. General McNaughton, you are more in favour I take it, of Canada developing a plan under which she will use those waters herself?—A. Yes.

Q. There would not be so much left over for downstream benefits?—A. We have a little bit over at both ends with which we can co-operate effectively with the United States. Put it this way, take Mica Creek; Mica Creek is 2,500

odd feet above sea level, and if the flow of water from Mica Creek goes through Canadian territory we develop the whole of it; if it goes through Canadian territory to the boundary we conserve 800 or 900 feet and 1,300 odd feet is available for energy in the United States. Downstream benefits are related in that proportion. The most we could possibly expect would be 50 feet, whereas if we do it ourselves we have the whole thing.

Q. This bill seems to give the power to the dominion to control the works not only at the border, or near the border, but right back to the smallest tributaries of an international river, that is right back into some of these very little streams flowing into, and which form part of, the Columbia system. Is there any necessity to have a control of that kind over all these tributaries?—

A. I am not an authority on parliamentary draftsmanship, Mr. Green, but my thought in the matter is that it is very important because the reservoirs of greatest value are those from high up in altitude. The higher the water is stored the more important it is from an energy point of view, and in the years to come when the development of storages on the main-streams are perhaps depleted, we will be turning most importantly to storage on these tributaries. In fact, we are looking into it as quickly as we can get engineers around to looking into it today. I think myself that the bill has a test of applicability in the criteria of whether it does or does not affect conditions out of the country, but I do not want to pose as a parliamentary draftsman.

The CHAIRMAN: Any other questions as to the legal interpretation can be asked later. Now, Mr. Herridge.

By Mr. Herridge:

Q. I am glad, Mr. Chairman, that my opportunity has come to gnaw on this already very well chewed bone. I am very anxious to say a few words and I would like to ask the general a few questions.

As the member representing the riding which straddles the greatest volume of the Kootenay and the Columbia, you will recognize that this is of great interest to me and has been throughout the years, and that it is of great interest to all my constituents.

I have followed the investigations of which General McNaughton has spoken for over ten years, and I have been in the field with various parties from time to time. On one occasion I had the pleasure of rescuing or assisting to rescue three barges belonging to the Department of Resources which had gone adrift because they were manned by good drilling crews but not good seamen.

I must say that the discussions in the House on the international rivers bill, and this discussion in our committee are going to focus attention in Canada on a matter that has been largely overlooked by most Canadians, and one that has great possibilities for development in the Columbia.

Mr. Chairman, there is great danger of losing these developments unless we take the right action in this committee. I think the result of these hearings and the impressive statements by General McNaughton will accord greater recognition to the work of the International Joint Commission, particularly to the Canadian section, on this question and on the importance of the problem to Canadians generally.

I must say that I was particularly pleased with the organization and the procedure that has been adopted in this committee. There is every evidence of going at this thing in a very thorough way. And I was particularly pleased when an invitation was sent to all the provincial premiers.

As a British Columbian, I am particularly pleased with the report that the British Columbia government have indicated their desire to attend these hearings.

While our ideas may not be quite similar at this point on this important matter, I am sure that the solution of this problem in the future to the advantage of us all must rest upon cooperation of the federal and provincial governments, and I feel confident that when this committee has concluded its hearings the public will be well informed as a result of those hearings and we will be able to develop the cooperation necessary.

Now I just wish to ask the general a few questions. I had three or four noted when Mr. Green asked them. The general has already given his answers. But before proceeding, I must say I was interested in Mr. Green's proposal for a Columbia valley authority, because some of us have been interested in this question over a number of years. We are very pleased to see that he is advocating it because we have believed in it for over a period of ten years, and it is associated with me.

Mr. Green asked a question about the Kaiser Dam and the objections which the commission would have to the building of the Kaiser Dam at this time. I heard General McNaughton's reply and I would like to ask this question: would there not be another objection in the fact that if the Kaiser Aluminum Corporation received a water licence, or water rights on the Arrow Lakes for the storage of water, would that not establish a vested interest and an appropriation of Canadian waters by a private American corporation? Would that not be another objection?—A. Mr. Chairman, I dealt with the question of appropriation which come from this sort of work in Table 7 which I distributed yesterday.

Because the proposal for this dam at Castlegar was a matter of public interest, I indicated at the bottom of that table what commitment would mean. First of all, we have none too much water available, and if you donate these millions of acre feet—three million I believe it is or thereabouts—under the terms of a contract for a period of 50 years, then for 50 years that becomes an appropriation. And even if you get it back at the end of that period—which I somewhat doubt—on top of that if you were to build the storage at section eight, or the Castlegar proposal, as it is referred to, that means that the possibility of storing three millions acre feet of our own and holding it in cyclical storage to release to the United States when flows are low, to satisfy existing commitments, would be gone. So it means that if you donate three million acre feet to a contract in this way, the damage to our ability to run our own affairs is double that.

We have not only lost the water which goes down, but we have lost the capacity of making cyclical storage to get over some of our other demands, and the net effect is double.

Q. Do you mean to say that, to some extent, we would have lost control of the regulation of our own waters in Canada?—A. That would be so, Mr. Herridge; and what is more as I pointed out, a dam of the type which has been indicated to us at this section eight would inhibit a more useful dam at Murphy Creek which would store larger quantities of water for a given elevation.

Q. Officials of the Kaiser Aluminum Corporation have been addressing meetings in my constituency and the question of the Murphy Creek dam came up on several occasions. They were most emphatic in saying that the building of the dam, or a proposed dam, by their company at a point north of Castlegar would have no effect upon the building of a dam at Murphy Creek.

For the information of the committee, would you please explain just how that would effect the Murphy Creek Dam? — A. I am sorry, but I do not think that our profile will show details sufficient to illustrate it. I shall have to make my description verbally.

The section eight site is above Castlegar. That is the site proposed by the Kaiser interests.

The Murphy Creek site is downstream from Castlegar. In between the two sites the Kootenay River enters from the east.

And also we have a rapid flow in that river. There are rapids which are called the Tin Cup Rapids, so the net effect of that is that if you have a given level in the height of the dam at section eight, you carry that level—that same identical level—along until you come to the Murphy Creek site, and you have drowned out these rights in between. You have a site of only 35 or so feet available for power development.

And what is more, in the section of the river that lies between section 8 and Murphy Creek, there is an open capacity of storage of around a million acre feet.

So there is no use whatever in building an upper dam. If you have a dam at Murphy Creek, that dam controls the level of the Arrow Lakes right through to just below Revelstoke.

It would dam up section eight and it would merely be an obstruction in the river. It would be inundated and it would serve no useful purpose.

I saw the reference to which you referred in the press and frankly, I was amazed that any responsible engineer would make such a statement.

Q. Thank you. Well, yesterday you made some reference to the relationship of the cost of the production of stream power to hydro power. Could you give the committee any idea of what would be the estimated value of the power produced by the proposed Kaiser Dam to United States interests in the states, and for the storage that it suggests?—A. A little mental arithmetic is required. I would hesitate to try to do that in my head at this moment, but I would make available to the committee certain unit costs which I have and then the committee themselves could put them down and figure it out.

I took one million acre feet, and I took it through a thousand foot head at 85 per cent efficiency, and I said that that represented a net product of 87 billion KWH of electricity; that is after allowing for all losses.

I pointed out that in conditions when the regulated flow is used, the power plant would be, to a considerable extent, downstream, and would be to a considerable idle by reason of the fact there was no water flowing; and this did not represent any saving. The fact that the hydro electric power plants downstream are shut down does not represent any saving whatever in costs, because most of the costs related to hydro electric plants are to be found in labour and so on, and that cost keeps on running. They are in the nature of fixed charges. They go on whether the plants are running or not.

The only way to meet these demands in times of low water, if you have not got a regulated flow, is by steam.

So it is the cost of the steam which the hydro electric people would have to provide to satisfy their loads. The cost of the steam indicates the value of the contribution of the stored water. I pointed out that in the best statistics, which are very, very recent. Coming to us from the basin, the newest and latest high pressure steam plants being built in the basin, the best one on tide water, running at base load, will cost $5\frac{1}{2}$ mills per KWH at the bus bars. Such a plant, if in a little less favourable distributing position in the basin, might run up to 6 mills per KWH.

These steam plants are used to carry loads, when the loads are heavy. If they are idle in between, their charges run up to around 8 mills. So I said: let us take an average cost of peaking power steam supply. It amounted to 7 mills, which is quite reasonable. There are very few plants in the basin which can match that figure as things stand.

Well, we had .87, as I recall, billion KWH for a unit of 1 million acre feet where there was a one thousand foot head. Multiply the .87 by 7. That makes 6 and something, more or less, per year for the unit.

If I am to do the mental arithmetic, if you have three million acre feet, which is substantially what you would have from this project, you have got to multiply that by three; and since you won't have more than a thousand feet of head, I think the present figure is 872, to build up in the long term of years to 1130. But let us take it for a moment at 872 and multiply that by .87. That would give you the value of the power which is made available and generated without extra cost of any significance by reason of providing this flow downstream. It runs into a number of million dollars.

Our costs in connection with it include costs of construction of the dam and its regulation, and the proper regional charge for water storage and so on. So it is not all profit.

I have indicated that we have good friends south of the line, and we are trying to make a good bargain with them. A good bargain requires that both sides benefit. I believe in the doctrine that we naturally would not charge them the full value of the contribution we make. There would be some sort of discount. I would not venture to indicate what that discount would be, but whatever the discount is, the power company is going to put it in its pocket. And you will then see what enormous value attaches to these privileges of downstream benefits.

I told you yesterday of the talks that we have carried out at the instigation of the British Columbia authorities, with these various American interests that have come down here to explore the possibilities. Kaiser is one; Puget Sound Utilities Council is another. We have indicated to them clearly that the standard of comparison is what happens at the peak.

We do not, and they do not, and nobody else expects that we are to look after the ordinary flow, that is, the power which we get from the flow of the stream as it is, the developed flow of the stream. The regulated flows only are of use and must be valued by the contribution which they make to the peak, when otherwise these great hydro electric plants are shutdown and people are screaming for power.

So, in any fair estimation of the benefits coming from the regulated flow, it is not the 1 and $1\frac{1}{2}$ or 2 mills that the ordinary flow that it may be costing them, but how they are going to get over their difficulty. What is it going to cost them to do that? If we do not give them a regulated flow, they have got to put in big steam plants, and that power would make the cost either 8 or 9 mills per KWH. So we feel that we have every right to set up our value in terms of the peak power, which is three or four times what they have been willing to offer. They want us to give them a gold watch for the price of a bit of tinsel.

Q. General McNaughton, in view of the talk of building, or the possibility of building a dam by the Kaiser Corporation, and the possibility of building a dam at Murphy Creek, you will appreciate the interest of many people who reside between Castlegar and Revelstoke. They are quite concerned about the possibilities of flooding and the loss of homes and farm sites, roads, industrial sites, and also the loss of beautiful beaches. Would you mind informing the committee of the procedure followed by the International Joint Commission in relation to discussing any development, and in its relation to local people? They are interested in their rights.—A. Mr. Herridge, if the matter of the actual construction of those dams should be remitted to the commission by the governments, we have a very straightforward procedure. It does not necessarily follow that the commission are the people who have to do it. That is a matter which would come to us by reference or instruction perhaps

as part of a whole project. The projects which come to us automatically in the case of flooding are those where the obstruction is in the stream below the boundary and causes flooding above the boundary. Libby is one, and in that case the commission is given jurisdiction as to whether this flooding is to be permitted or not and we are most solemnly enjoined that if we do register consent to such a proposal then we must make it our business to see to the proper recompense of all the interest who are affected. I can assure you in all these matters of flooding where great works are built pursuant to the orders of the commission, the commission is very careful to see to the disposition of those responsibilities.

In the St. Lawrence project, which is under construction at the moment, we took the greatest pains to ensure that everybody who was going to be adversely affected in the regions being put under water, would have proper access to the courts in order to make their plea if they were not satisfied with the offers that had been made. I remember very well that as a result of one of the meetings on the St. Lawrence held at Cornwall it came to our notice that there might be a defect in the Ontario legislation providing for compensation. The commission drew that fact to the attention of the solicitor representing Ontario at the meeting. The government of Ontario took it very promptly to heart and immediately new legislation to remove that defect in the protection of people's rights was passed. That is the legislation which is in effect today which is, I understand, beginning to show signs of operating satisfactorily.

Q. Do I take it from your answer, General McNaughton that if a dam were erected on an international river within Canadian territory that any flooding which would occur is the responsibility of the provincial government to deal with that matter?—A. It would be the responsibility of the provincial government in Canada, unless by reference or by instruction as part of a general big project, some responsibility were placed specifically on the commission. We are very flexible and the governments have the way by requesting recommendations, of putting additional responsibility on the commission when it seems desirable so to do. For instance, what we are doing at Niagara today. The work we are doing in building or supervising, and the construction of remedial works is an additional responsibility beyond the terms of the 1909 Treaty which has been given to the commission.

Q. General McNaughton, could you tell the committee, in your opinion, what would be the minimum developments required on the Columbia to safeguard Canadian interests and Canadian rights?—A. Mr. Chairman, I do not think I would hazard an answer to that. That is something which would require great and very careful study. I would not care to give an *ad hoc* answer to it.

Q. Could you tell the committee, General McNaughton, what is the date that the record of the discussion between members of the commission and the Kaiser corporation went forward to the government of British Columbia?—A. You will forgive me, Mr. Chairman, that in answering that question I am under certain difficulties, difficulties of protocol. The document in question is marked personal and confidential, addressed to Mr. Sommers, and it is always understood when letters have been sent marked personal and confidential that they are not produced without the consent of the other party. On that account and since I have not got Mr. Sommers' consent I would ask privilege not to answer the question.

Q. Certainly, General McNaughton, I have just one more question. I made a note yesterday when you were speaking with relation to developments on the Columbia that you said, if I took your remarks down correctly, with the passage of time the margin of freedom is less evident. Could you explain exactly what you meant by that?—A. Mr. Chairman, again, at this stage of

the studies, I was in the position in that giving you table 7 of the attached papers I was not able to give you specific information that I could say, "this is it". I had to indicate to you what the demands for water are of Coulee Dam and how those demands would set up, in the way of surpluses in the medium flow years, and in the way of deficiencies in the years of the low flows, like the year 1943-44.

Also I indicated because of the attention which it had had in the press the effect of the additional commitment of some 3 million acre feet of stored water and release in regulated flow at this Castlegar site. I showed in that table what the resulting deficiencies would be in the various years, and then I put down on the next sheet a list of the various places throughout the United States' portion of the basin, tributary to Grand Coulee, and in Canada, through which this deficiency might be met.

Now, we cannot say yet how much of those deficiencies can be met. A lot of them are a matter of close bargaining with the United States to see what they could in fact do to meet their requirements from their own sources. You see, there is no rule or law about it so far as I know, but it has been stated by the United States in other cases that before we come to the other side for satisfaction of water rights, we should decide what we can do with our own resources, and it is a rule which makes sense.

Now, as to the United States developing a number of these dams; no doubt they will want water in storage for cyclic release, that is only in the years of extremely low flow, and a lot of these requirements will be met. But I cannot say what it is. We do know this, that we are going to have the hardest bargaining any of us have ever done, in order to come up with the freedom to use these waters with the high altitude reservoirs through the heads in Canada in order to endow the Fraser Basin with these large amounts of power which are needed, and which when you put them down against the foreseeable requirements of the comparatively near future are even then not too much.

By Mr. Low:

Q. Mr. Chairman, a good many of the questions which I have listed for General McNaughton have, at least partially been answered. But, I would like to come back for a few minutes, if I may, to the evidence which was given by General McNaughton to Mr. Green. I think the general, in reply to a question asked him by Mr. Green, which I think he called an objection to the building of the Kaiser, indicated that if the Kaiser were built that it would inhibit the larger development at Murphy Creek. Now, general, have investigations at Murphy Creek progressed far enough that it is definitely certain that the building of a low level dam at Castlegar, or I think you called it section 8, would it indeed inhibit such a development?—A. The position is, as I explained before, that we have our engineering parties, Department of Northern Affairs and National Resources parties, in the river at Murphy Creek going ahead with these investigations. What can be done there depends almost entirely on foundation conditions as they are determined.

What I have said I would like to repeat and that is that these investigations promise to show up a favourable site. We have no reason to believe it will not be favourable, and so we are continuing with these investigations. Now, if the site is proved up, as we have every reason to expect it will be, and a dam is built at Murphy Creek to the same top level as the dam proposed at Section 8, the level of the Arrow Lakes will be carried some miles downstream to Murphy Creek and, since the site at Murphy Creek is about 35 feet, I think lower than the site at Castlegar—35 is a little high, it should be 30 feet—there will be at the lower site a head which is capable of being developed.

There is no possibility of developing at site power at the upper site. The backwater floods it out. If we go ahead at Murphy Creek we might protect these backwaters, without increasing the level over the section 8 proposal but with identically the same level, with the possibility of an installed capacity of 250,000 kilowatts. What is the use of having two dams in series? The other one would be useless, it would not hold back any water; it is held back by the Murphy Creek Dam, and the other is merely an obstruction to the flow which would have to be taken out.

Q. Could you say, General McNaughton, how long it will be before the full facts about the Murphy possibility will be known?—A. Six to eight months.

Q. Good. Now, still referring to the Murphy and the so-called Kaiser projects, and the question that was asked by Mr. Herridge with respect to flooding, would the development at Murphy Creek that is envisaged at present cause about the same amount of flooding around the shores of Arrow Lake as by the building of the dam at section 8?—A. The flooding on the basis which I have described, namely the same level carried through to the Murphy Creek site, would be identical except that at Castlegar there would be a little more flood damage and the Tin Cup Rapids would be drowned out. We would have backwater against the Brilliant Dam of the Consolidated Mining and Smelting Company. There would be approximately 1 million acre feet of storage additional and, as I say, there would be 250,000 kilowatts of power we otherwise would not have.

That is not all. Let me emphasize what I am going to say now. There is no decision by anybody. It is merely that we are trying to do what we have been told to do, that is to look into all possibilities. Storage is perhaps the limiting factor of power development in the whole region of the Columbia in Canada and the United States. The reason is obvious because our rivers out there are 'ice melt' rivers which run in the summer and dry up in the winter when we want the power in the worst way; and the only way is to get storage.

The Arrow Lakes have great possibilities. Like all possibilities, if you gain on the one hand you pay a penalty on the other. We have the duty to investigate this whole matter and tell the governments what the benefits are on the one hand of increasing the height of Murphy Creek, and the cost on the other hand in destroying shorelines and other amenities.

Now, I could say something further which has entered our consideration more recently in respect to the desirability of what may prove to be, not demands, but commitments to the United States, of regulated flow. That is if we are really up against those commitments it will be to the advantage of British Columbia to develop the Murphy Creek site, assuming foundation conditions are found to be satisfactory as we think they will be. To develop this at site power would bring the levels up. You would have to keep them up to get the maximum site power out of that, and hold that very large quantity of water which may be impounded against that dam available for use in years when the flows are very low, and when we may have a liability to fill this Grand Coulee Dam reservoir. That is a much less objectionable project to the people because we would not have these 60 or 70 feet, or whatever it is, exposed on the banks each year which nobody can do anything with. Nine years out of ten the level would be kept up.

Q. Could it not be said that if the development of the Murphy Creek would cause the impounding or storage of 1 million acre feet more than the so-called Castlegar Dam would cause as a result there would be more flooding with the Murphy project development than with the Castlegar project?—A. There would be some flood in the region around Castlegar and down into the Tin Cup Rapids to the Murphy site, but I am speaking now of the general

subject we are up against. We have to consider whether we should in fact make use of either of these sites for annual storage or whether it should be cyclic storage to liquidate a commitment we might be held to have.

Q. Suppose it was decided to go ahead with the development of the Murphy Creek project, have you any idea how long it might be before the on-site power developed there can be utilized?—A. Yes, sir. That is a matter of very considerable concern at this present time. The power requirements of the lower Fraser Valley, particularly of Vancouver, are growing by leaps and bounds. The need of that basin is due to the fact that power requirements are doubling every six or seven years. Seven years would I think be a conservative figure. By reason of our knowledge of the basin we know the principal sites, other than the Fraser, which cannot be touched because of the fish. We know that of these the principal sites are either in use or are not to be taken into use. There is my little margin of hydro-electric capacity tributary to the Vancouver area at the present time, although we are all right for two or three years.

What I believe myself—and I am only offering this as an opinion because it is not strictly my responsibility as chairman of the Canadian Section of the International Joint Commission—but it comes to me as an engineer who had to study this basin pretty thoroughly—it seems to me that the time has come when we should let somebody produce for us a connection, a transmission line connection from the powers down there, from the Columbia, and in that I refer to the possibilities at Castlegar and right to the potentials at the Pend d'Oreille, Waneta, and the Six-Mile site at which power, for the moment, is surplus. I believe that power should be tapped and taken into the market in Canada.

Our need today is for somebody to take that responsibility and build us a transmission line which will roughly link Trail with Hope. Then this power would be taken into beneficial use, for the benefit of Canadians. There is a need for it too.

Mr. Low: I did not want to interrupt before General McNaughton had finished.

The CHAIRMAN: No. This was so technical that we would rather the witness finish his sentence entirely.

By Mr. Low:

Q. I think I should ask this question, General: how long a time would it be before on-site power developed at Murphy Creek would be completely utilized? I think you stated that it probably would be a matter of six or seven years.—A. Well, within that period, I would think, from what I know of the basin. And I speak subject to correction because I have not got the actual statistics in front of me. I do think we would be getting into possible trouble inside of three years if we do not do it.

Q. Has there been any tentative estimate of probable cost of the development of the full potential of power at Murphy creek?—A. No, there has not, and we are not in a position to make that estimate except very provisionally for ourselves, until our engineers tell us what the foundation conditions are like. There again, after my experience at Mica, I am not inclined to put a dollars and cents figure on it because we are a cautious outfit. We are liable to put too big a cost on it as we did in the case of Mica. We just cannot say until we know whereof we speak.

Q. Thank you. Whenever you feel I have taken up my time, please indicate it, Mr. Chairman.

The CHAIRMAN: You are still within the time limit of your colleagues.

By Mr. Low:

Q. I would like to turn for a few minutes, if you will, General, to this law of appropriation. It is an exceedingly interesting thing to those of us who come from western Canada who have had anything to do with the development of water resources out there. We know something about this law of appropriation and how it works.

I shall now read from page 29 of the statement you made here yesterday. It is right at the top of the page.

I have mentioned that we feel that in proposing these diversions we contravene no provision of the Treaty of 1909 . . .

A. I have got that, sir.

Q.

. . . or necessarily impair any interest in the United States which has been legally acquired under that treaty. But I must say that our margin of possibility has by now shrunk to something very narrow and unless we take appropriate action to protect our interests it may indeed vanish altogether.

There are several questions which arise out of that statement. I wonder if the General would say what the various appropriate actions are which Canada might take to protect our interests, and in the course of doing so would he care to indicate who will have to take these various acts he suggests?—A. That is a question which is exceedingly difficult for me to answer. I have sought, sir, in this to pose the problem and to state the facts. I have hope and indeed confidence that out of the wisdom of this committee and out of the debate in parliament somebody is going to indicate the correct procedure for us to take.

I am in the position of conveying to you the grave anxiety which my colleagues and I share over this situation and the way it has developed. I am not seeking to blame anybody. It is a situation that came about so insensibly and so gradually that we were not alarmed. I do not think that anybody is to blame.

We had these great rivers and they looked to be immense. I spoke of the Similkameen yesterday. Nobody would have thought that a fraction of the rivers which flow up to Indian Flats had been taken out of our jurisdiction. Then we woke up and found it was so.

There are remedies and one hopes that out of the deliberations of your committee, sir, and out of the talks that will undoubtedly follow, and out of the debate in the House, we will get—those of us who are in the field and who have to act on these matters—that we will get some positive suggestions on which to work. I can only point to the problem. I cannot give you the answer at the moment.

Q. I certainly do not want to place the General in an embarrassing position at all, but inasmuch as we feel—and most of us I am sure must feel—that out of the deliberations of this committee might come an awakening to the immense value to the Canadian people of the water development, we might perhaps have said something about it here which would spread across the country and which would help to awaken the Canadian people to the need of taking action.—A. I am sure that is the case. You will remember the fundamental law of water as it is practiced in the west: the first in time is the first in right.

Q. That is right. You did stress timing all the way through the statement you made yesterday and again today. In your judgment, how fast must we move if we are to prevent the narrow margin of interest which you spoke about yesterday from disappearing altogether?—A. Mr. Chairman, I think we have no time to lose.

Mr. BYRNE: Hear, Hear!

The WITNESS: We have no time to lose. We, on our level, are putting our cards on the table honestly before our American colleagues. We are going to Montreal on Monday and we shall deal first of all in our commission meeting there with the very acute problem of trying to get the low water levels in the St. Lawrence project settled so that the entities can get on with letting their contracts for excavation. At the end of that meeting we will have a discussion as to how I am to present the same sort of information to the commission in Washington on the 6th of April, which I presented to you here today. We will be as equally frank with our American colleagues as we have been with you. Then will come the close debate and discussions and probably considerable investigations of particular rights and so on to work all these matters up.

While we are good friends, these things are not settled on a basis of friendship. Each country is going to hold its fort for all it is worth, so these issues are in fact joined.

We are not ready with our engineering plans yet. We have got some more investigations to do and a year from now we will be in very much better shape.

The minister has given me an assurance of the funds with which to carry on the necessary investigations of these diversions.

Our engineers have told us that they can give us real answers to this in twelve months. By then we will know.

Q. Thank you. I shall now yield the floor to someone else.

The WITNESS: It will be twelve months from the time they get going.

The CHAIRMAN: This is the usual time when we adjourn our meetings. The next gentleman on the list is Mr. Byrne, and after him General Pearkes.

Would you like to sit tomorrow morning at 11.00 o'clock? Otherwise the meeting would have to be carried over until Wednesday afternoon, because until then the General will be away. Do you feel that we can finish with General McNaughton by tomorrow noon?

Mr. Low: Friday is always a very bad day.

The CHAIRMAN: I am surprised to hear that from a western member. It is the eastern members who are usually accused of not sitting on Friday.

Mr. PEARKES: I would be prepared to go on with my questions tomorrow morning.

Mr. BYRNE: Yes, Mr. Chairman, so would I.

The CHAIRMAN: Very well. We shall now adjourn until tomorrow at 11.00 a.m. in this same room.

HOUSE OF COMMONS

Second Session—Twenty-second Parliament
1955

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Publications

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ON

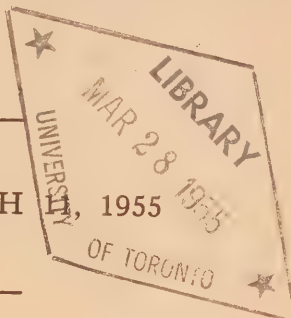
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Chairman: L. PHILIPPE PICARD, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

FRIDAY, MARCH



Bill No. 3, An Act respecting the Construction, Operation and Maintenance
of International River Improvements.

WITNESS:

General A. G. L. McNaughton, Chairman, Canadian Section, International
Joint Commission.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

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Antonio Plouffe,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

FRIDAY, March 11, 1955.

The Standing Committee on External Affairs met this day at 11.00 o'clock a.m. in Room Sixteen. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Applewhaite, Bell, Byrne, Crestohl, Gauthier (*Lac Saint-Jean*), Green, Herridge, Jones, Low, Lusby, McMillan, Montgomery, Patterson, Pearkes, Richard (*Ottawa East*), Stick, Stuart (*Charlotte*), Studer. (19).

In attendance: General A. G. L. McNaughton, Chairman, Canadian Section, International Joint Commission; Miss E. M. Sutherland, Secretary; Mr. J. L. MacCallum, Legal Adviser; Mr. J. D. Peterson, Engineering Adviser; Mr. D. G. Chance, Assisting Secretary; Mr. Maurice Lamontagne, Assistant Deputy Minister, Department of Northern Affairs and National Resources; Mr. John Davis, Economic Adviser, Department of Trade and Commerce.

The Committee resumed consideration of Bill No. 3.

General McNaughton's examination was concluded.

The witness was retired subject to being recalled at a later date.

The Chairman expressed to General McNaughton the appreciation of the members of the Committee for his presentation.

Before adjournment, the Chairman outlined the tentative dates of subsequent meetings and the proposed program therefor. He mentioned that a joint meeting of the Standing Committee on External Affairs of the House of Commons and the Standing Committee on External Relations of the Senate will be held on Thursday afternoon, March 17th, to hear the United States Secretary of State, Mr. Foster Dulles.

At 1.15 o'clock p.m., the Committee adjourned until Wednesday, March 16th, at 3.30 o'clock p.m., to hear an official of the Department of Justice.

Antonio Plouffe,
Clerk of the Committee.

ORDERS OF REFERENCE

MONDAY, March 14, 1955.

Ordered,—That the name of Mr. Barnett be substituted for that of Mr. Jones on the said Committee.

Ordered,—That the name of Mr. Goode be substituted for that of Mr. Applewhaite; and

Ordered,—That the name of Mr. Regier be substituted for that of Mr. MacInnis on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

EVIDENCE

FRIDAY, March 11, 1955.

The CHAIRMAN: Gentlemen, as agreed yesterday, we are going on this morning with the period of questions on General McNaughton's presentation. Mr. Byrne is first.

General A. G. L. McNaughton, Chairman, Canadian Section International Joint Commission, called:

By Mr. Byrne:

Q. Mr. Chairman, at the outset I wish to say that I will confine my questions to the very important project, that is the Columbia basin. It seems that this is the only project at the present time that is being considered in relation to the bill. Now, I wish first to put a question to General McNaughton which he may not wish to answer, but which I believe is relevant. There seems to be an impression abroad by important people of this bill is, not so much a matter of economics of water power and water storage, as it is a matter of disciplining another government. What would be your reaction to such a suggestion? Or is that a fair question?—A. Mr. Chairman, I do not know that I am competent to express views. When a matter gets in the realm of policy of governments. It is beyond the scope of the chairman of the Canadian section of the International Joint Commission. But, I can say this, that I know of no feeling of that sort which you indicate.

The purpose of the bill, as I understand it, and as I have had an opportunity to study the matters connected with it, is to fill an administrative gap in the exercise of the duties and responsibilities which are very definitely vested and imposed—if I may use that term—on the federal authority under the British North America Act. These matters, of course, relate very essentially to Canada's external affairs. When things are done in Canada affecting the flows of rivers which go out of Canada, possibly to the embarrassment of our good neighbours to the south, those are matters of primary concern to the federal authority.

Now, as I understand this bill—and I speak always subject to what the law officers of the Crown and the parliamentary draughtsmen will have to say, and I do not pretend for a moment to be competent to express opinions of these niceties of legal language, that is a thing for the experts—but I believe that the bill does just that; it adds nothing to the powers of the federal authority, it merely provides, now that we are coming into a period when these things have become important in the day by day arrangements between the two countries, an administrative action and an opportunity to focus before something like a permanent or conclusive action represented by permit, is taken to see that everything is brought responsibly into focus, so that once we did start on the thing we would know that some department is not going to stop in the middle of the process with some problem which throws the whole international proposition out of gear.

Q. General, you indicated that the administration in the United States had not at any time conceded the right to downstream benefits. In the case of the Kaiser Aluminum Company's offer of a block of power to Canada in

return for storage in the Arrow lakes, would you say that this constituted a breach in that situation, or does it offer any change in the situation?—A. In answer to that question I am afraid that part of my information could only be classified as hearsay and part of it reasonably definite.

These matters have been discussed with my colleagues in the International Joint Commission and I am also aware that enquiries have been made to ascertain whether there was in fact, a federal approval of some sort from some competent organization behind the Kaiser people in the proposals which they made. I have been able, through the channels open to me, to ascertain that there is no such federal approval of that project. In fact, I will go on to say that my colleagues in the American section of the commission, in informal discussions, have expressed very great anxiety about a project which in their view would represent only partial development of storage which they regard as most important in Canada and which, to use the word which was used to me by one American official would "inhibit" a full development of that storage in the years to come.

Mr. STICK: Do you mean the American federal authorities when you use the term federal authorities?

The WITNESS: Yes, American federal authorities.

By Mr. Byrne:

Q. In the event the American power interests were to pay for the use of storage dams a return of power on a 50-50 basis, would you say that the American joint members on the commission are satisfied that a long term arrangement would be a proper arrangement?—A. The first thing is your mention of a 50-50 basis. I know of no responsible proposal made by Canada using arithmetic on the basis of 50-50 which has been made. I know of no responsible proposal to that effect. In our consideration of the matter we have, in the talks with our American colleagues, never used any arithmetic at all. The thing has to be settled having regard to all the circumstances of a particular case.

It has also got to be settled having regard to the particular value of flow from the storage in Canada which would come at a period when otherwise these power plants are shut down. It was in order to emphasize that particular value of storage—it was not related to Castlegar or Mica or any storage in particular, it was to give an idea of the value of any storage that I took the case of a million acre feet of stored water above the boundary, and considered its use through a thousand feet of head. A million acre feet through a thousand feet of head is something more than a billion kilowatt hours of potential energy in the water and, using it efficiently, 85 per cent full turbines and generation to the reservoir, which includes wastage of water and so on which means that there would be about 87 billion kilowatt hours generated.

Then, I went on to give that value in relation to steam which is, in our judgment, the proper basis of comparison. That power is worth about 7 mills a kilowatt hour; that is what it would cost if they have to do it by steam, and that is the figure which should be taken into account. If we were to reach a bargain with the Americans we would have to get our own costs back, and somewhere in the bracket between is the benefit which must be divided. We have never tried to set a line where that benefit should come.

Q. Thank you. The impression has gone abroad apparently that we are holding out for a definite figure of 50-50. That is why I wanted that statement.—A. May I say that I think there are many cases where I think we ought to have more.

Q. The Libby dam project is an important part of the Columbia basin development. Would you say that the Canadian section of the International Joint Commission are prepared to recommend this project on the basis that the

American section of the International Joint Commission are prepared to recommend a return of a bloc of power commensurate with your method of determining that proportion which should be returned to Canada?—A. I do not think, Mr. Byrne, that I have what you might call the jurisdictional control over my colleagues to give a categorical answer to that question. However, I can give you my own opinion. I have every reason to believe my colleagues share that same opinion but I cannot commit them. That is not the way commissions work. I would say this, that I think I made it very clear that the Libby represents a proposition in which most of the resources are of Canadian origin and really belong to Canada if Canada can use them.

Now, I say that if we use the flows of the Kootenay river the way I have indicated, we will use those water resources through heads of Canadian plants clear through to the sea, and that represents a head of something over 2,400 feet; 2,400 feet that that water will fall in Canada, some 85 per cent of it being turned into power which will be the property and in the full ownership of the province of British Columbia or whoever they shall designate to do the actual developments.

If you use the word I have used in the commisison for some time just to indicate what would go on, I have used the word "dedicate" the flows of the Kootenay. What does "dedicate" mean? It means to give up. These Kootenay waters would go down into Libby, they would be stored behind a dam which floods our boundary to 150 feet, and the water flow which would be released would go through the comparatively small head of 360 feet of our plants on the West Kootenay, but they will go down eventually nearly 1300 feet of head in the United States, and that means that most of the energy which is in that water of Canadian origin, which could be used in Canada, will be taken and will be to the advantage of the United States. The best we could possibly get—and I will use your 50-50 figures—might be a 50-50 deal. We might get half of the energy back.

Now that we have found, and with pretty good assurance, that we can do it and use the same flows through our own dam where we will get the full amount, why should we go on giving away half of our flows. These figures are very big, Mr. Byrne. The amount of downstream benefits in the United States from Libby is 6 billion kilowatt hours at full development. Now, these figures do not mean much unless you get something for a measure. We will take the Barnhart island plant which is under construction now on the St. Lawrence, half of which belong to New York State and half of which belongs to Ontario. The product of at site power—you get no stream benefits or storage from that plant—is 12.86 billion kilowatt hours in an average year, so Ontario's share of that is 6.1. The downstream benefits on top of on site power from Libby is almost the same amount. So you can see what an enormous sacrifice we would be making if we do in fact dedicate these waters of the Kootenay to the service of another state.

Q. What is important in the understanding of the diversions is that the impression abroad in British Columbia is that we should go ahead with the Libby dam project with the understanding that we would get benefits later on?—A. May I interject. We were, as you know when I spoke last year, very anxious to explore that. But, we have run up against a complete impasse. The Interstate compact on which we were laying considerable stress, we thought might form a useful precedent for the case we were putting up. We had the state of Idaho more particularly in mind as our new colleague on the commission came on the commission from the office of Governor of the state of Idaho. We thought we certainly had upstream states represented on the commission which would enable us to get the views of these persons cleared for us, but that has not proved to be the case because the reaction against the Interstate compact has been such that none of the state legislatures

have agreed to ratify it. These states now have a biennial system, as you know; their legislatures are dissolved and it will not be under consideration again for a couple of years. What is going on, as I indicated, is that there is a new approach, the setting up of a Columbia basin power authority very much on the lines of our seaway authority, and as I indicated, the New York port authority. The legislation for that has already been prepared. I have in my office a copy of the draft Act which will be submitted to Congress on the subject and that provides that in the years to come, at some indefinite period in the future, the compact may come in as part of that feature.

Q. What I wish to try to get clear in my own mind and I am sure which will be helpful to others in considering the matter in the Kootenay is if the Libby dam project is proceeded with then it will be impossible to divert the water from Bull river dam back into the Columbia and down through our proposed diversion into the Fraser so that the progress with the Libby dam would inhibit the Fraser river diversion.—A. That is right, that is if we were to consent to flooding at the boundary to 150 feet with a reservoir of 5,010,000 acre feet which requires the full flow of the Kootenay for the purpose. We have had under consideration tentatively in the Canadian section the possibilities of helping the Americans out a little bit. Below the Dorr site there is 37 feet of head which we feel we will not be able to develop.

No site has been found for a dam close down on the boundary. It has to be some miles above it. There is a head of 37 feet there which we might conceivably offer to the Americans, provided we get due recompense for any storage put behind it.

Q. There is an impression abroad also that should the Canadian section of the International Joint Commission be adamant in their request for a return in power, the return of downstream benefits in blocks of power, that the American authorities might take a similar stand, to our detriment on the Canadian side. I would like to ask you what proportion of the total storage of the Columbia basin in the United States will ever be returned to Canada for possible use in Canadian installations?—A. The only storage in the United States which has any particular interest to Canada for power purposes is the storage that lies on the Flathead, the Clark, and the Pend d'Oreille.

The Pend d'Oreille flows across the boundary about 17 miles east of the Columbia. It flows in Canada for 16½ miles and then drops back into the Columbia one-half mile within the boundary and then goes back into the United States.

A very considerable amount of money has been spent already by the United States at Hungry Horse for storage; and there is another big project on the north fork of the Flathead at Glacier View which is held up because the people interested in excavating dinosaurs say that the dinosaurs should not be put under water.

Be that as it may. It will be cleared up some day or other, and then perhaps they will put the dinosaurs in museums.

There is a very nice storage there which is very badly needed by the United States. The water stored up there flows down and across the border in these 16½ miles where the river is in Canada.

A section of the river at Waneta has also been developed and two out of four units have been put in place.

The capacity at the Waneta site is 220 feet of head, and I think the total capacity is around 440,000 horse power. The other site has got about the same amount of power.

This matter is settled, because we have had an application before the International Joint Commission, and the Waneta plant was erected under the authority of a commission order.

The United States never asked for payment and I might say we would not have conceded in that particular case that we should pay for downstream benefits for the storage.

The reason is this: that upstream storage has been created by the United States and it will continue to develop largely for the purpose of keeping up the level at Grand Coulee.

They will wish to move that water, not in regulated flow, to suit the needs of our plants on that river, but in blocks of water whenever they feel the need at Grand Coulee. It will be up and down and quite irregularly.

The United States did not ask for downstream benefits because they were not prepared to place the flow of that water in Canadian control.

They know that we cannot interfere with it. Those of you who have been over to the Pend d'Oreille know there is a road which runs right along that 16½ miles. You can drive over it in a motor car and you can see all the way down the Kootenay valley. The United States is quite sure of its ground, that they can dam the water in at one end, knowing that it has got to come out at the other.

It is not a question of downstream benefits. Commission orders are not subject to change except by unanimous consent, and they would not get it.

Q. I think you pointed out in your brief that the benefits to the lower Kootenay installations would be more or less minute in respect of the storage at Libby.—A. Yes sir, that is correct.

Q. There would be very little benefit to the West Kootenay power?—A. That is right, there will be very little benefit to the West Kootenay power unless West Kootenay and the city of Nelson and Caminco were to join together and redevelop the whole section of the river and put in new installations and dams. They would have to concentrate the head to conserve these plants on the West arm. It is very well managed now. It is true they are not using the full flow of the Kootenay at the moment, but as I say, these plants are turning out energy which is most useful, and the actual fact that they are old and not high in efficiency does not hurt very much because they are spilling the water around the dams anyway.

Q. Do you consider that the authority given by the International Joint Commission to store 6 feet of water on the Kootenay lakes is analagous to a request of the Kaiser application? That is also a matter which has been aired quite considerably.—A. That six foot order goes back for many years. It was arranged at a time when increased production at the Trail plant was very essential. The request for that storage came from Canadian interests.

The impertive need was to get regulation for these plants along the West Arm in our own interests. Downstream benefits at that time were purely incidental and were not a practical issue at the time that order was passed.

However, that order is passed now and that order is an international agreement which is not subject to any change unless it is brought back to the commission again. We, having passed the order, have no power of recall. We have no power to reopen the thing again of our own initiative. It would have to come first as a request from the governments.

We regard it as being a settled fact that the regulated flow from that six feet of storage is likely to remain unaltered in perpetuity. But if we should have a new application for increased storage on Kootenay lake, then it will be open to the commission; and I have no doubt that the Canadian section anyway would see to it that this question of downstream benefits is given proper consideration. We cannot turn back the pages of history. We are not allowed to do so.

Q. In your discussion respecting the Libby and the Kootenay projects, has there been any intimation on the part of the American section that they wish to irrigate some two hundred thousand acres of land in northern Idaho from

that, or would that matter come before your Commission?—A. No, we have not had it. We have had a suggestion that there would be development by means of irrigation on the Idaho flats. I presume that is what you refer to.

Q. Do you presume that should such a development take place, there could possibly be an arrangement made to have the water continued across in order to irrigate dry areas on the Canadian side?—A. Oh yes, Mr. Byrne. The amount of water which would be interrupted by Bull River—and indeed, even if we cut it off at the Elk, is only a fraction of the total flow of that stream. There is no intention of drying up the Kootenay, if that is what your anxiety is about.

Q. Some people are afraid that that is going to happen.—A. If you look at the river after these things are done down there, you would not notice much of a difference except that you would have much less flood flow.

Q. Would the Bull river dam by diverting from the Kootenay into the Columbia be a factor in removing flood danger in the vicinity of Bonners Ferry and Creston flats, or would the danger still be as great as now?—A. The proposal is to divert the flow at the Bull river dam, and it would have a very substantially beneficial effect on flood protection downstream.

Q. I have one further question.—A. In the Kootenay it is not a question of irrigation. The danger there, as you know, particularly on the American side is that their dykes have not been built in the same way that our people built their dykes around Creston. Each year there has been high water those Idaho dykes have been in a dangerous position, whereas we have been much more fortunate.

Q. I ask this to clear the matter up. There is an impression that there will not be water available for irrigating areas around the boundary; and there is also the fear that there will not be a decrease in the flood danger in the Creston area. You have heard of that? To what extent would the Bull river and the Luxor dams flood the Columbia valley intervening? Would it wipe out almost that entire valley?—A. I have not got the details with me about the flooding of Windermere lake and the other lakes.

Q. The Columbia?—A. There is a Columbia lake, a Windermere lake, and a couple of other lakes, but I would say this: having regard to the cost and the effects, the disadvantages are very small in comparison with the great advantages which would come to Canada from this. I can, at a later date, have those figures put together in some detail for presentation, if you so wish, but I have not got them with me now.

Q. It will be an important question as to how much of that area would be inundated. Thank you very much.—A. We have all those figures in the office, but I have not got them here.

The CHAIRMAN: Now, Mr. Pearkes.

By Mr. Pearkes:

Q. First of all, Mr. Chairman, I would like to deal with the all important problem of cooperation between the federal and provincial authorities. I must first ask you what system of exchange of information has existed in the past as between the International Joint Commission, the federal authority, and the Columbia River Basin Development Advisory Committee, which is a provincial authority, looking after this problem of the water resources of the Columbia basin? Has there been a full exchange of information? Have the members of the respective commissions and committees been able to sit in at the meetings of the other bodies?—A. General Pearkes, I welcome that question because the question of liaison with the local authorities has been one about which the Canadian section has been extremely careful from the very beginning. This goes back to long before I was ever on the commission at all.

As I have explained, the organization of the whole investigation was done by the commission, and in the planning of it we had, with the working committee, a very close liaison with the provincial authorities in British Columbia, strictly those concerned with water, and they have had an opportunity not only to know, but to participate in the laying out of the work, the actual programs of work that our working committee has been supervising under the overall direction of the Vancouver office of the water resources division, which more recently came under the direction of Mr. Warren.

We have also made it a point, that as information became available, it would immediately be sent to the provincial government, and to make assurance doubly sure that information was coming to the attention of those having responsibility,—as regards our topographical maps particularly—as soon as we have received copies from Mines and Technical Surveys, I have personally sent those maps to the Minister of Lands and Forests of British Columbia. Perhaps I can illustrate the kind of liaison by saying this: that when we did ascertain, after some four years of very careful study, along the Monashae mountain ranges to see what we could do in the way of getting through them an amount that would be reasonably definite, then the same day that I reported it to the Government of Canada I reported it to the premier of British Columbia.

I cannot tell you about the British Columbia committee except to say that I had something to do with its organization.

On one of my visits—in fact on several of my visits to Victoria—I pointed out to the minister and to the premier not only of the present government but of the preceding government, that we were getting on reasonably well with the collection of all this data in the way of flows, and of the possibilities of development and all the rest of it; and that being so the time was coming when the British Columbia government on their part should have something in the nature of an inter-departmental committee, with power interests, and with the industries represented. I remember suggesting that the industries should be represented, from whom they would draw advantageous comment and criticism—they were the Cominco, the British Columbia Electric Company and also the BC Power Commission. I suggested that a committee of this sort should be set up with representatives from these three bodies, two private companies, and one public corporation, all of whom have to do with water and its uses.

That was in fact done, but that committee is a British Columbia committee. It is not my responsibility, nor have I the right to communicate directly with its people. Any information which I have to give from the Canadian section of the International Joint Commission goes to the British Columbia government and they pass on to that committee such information as they see fit. It is entirely their privilege and option to use or not to use that committee, and to give them advice. I do not see the results. It is not for me to see them.

Q. In effect there is no direct liaison between your commission and the advisory committee set up by the provincial government?—A. That is correct, General Pearkes, and it is as it should be, because the government will want to have their own advisers to give them their own advice on the particular problems that they have to deal with. It will help them and put them in a position to deal with the aspects of the matter, I take it.

Q. The reason I asked that question was because in a speech made by the Minister of Lands and Forests last year Mr. Sommers said that the agreement between the Kaiser people and British Columbia has the endorsement of the Columbia River Basin Development Advisory Committee which had been set up by the legislation, in March, 1953. I was wondering whether that committee had received from you the full information regarding the overhead development scheme?—A. No. I can neither affirm nor deny that because the functions of that committee are in relation to the Columbia.

Q. The responsibilities rest on the provincial government?—A. Absolutely. I should say that at the first meeting of that committee I was given an opportunity to explain, in Victoria, by Mr. Sommers, the sort of general plans which were going on. We had a very interesting meeting, but it was one of liaison, just to pass information to the committee when it started. Since then I have had no contact with that committee.

Q. Dealing with the fall of the Columbia river between the lower end of the Arrow lakes and the site of Murphy creek, I think you said that the fall was 30 feet, but from the information which is given in the report prepared by the water rights of the province of British Columbia the indication is that it would be double that or more. I think that information is borne out by the charts here on the blackboard. Was there an error in that figure? A. I am quite capable of making an error when quoting figures from memory.

Q. Will you tell us what the fall is between the Castlegar site and the Murphy creek site?—A. The site at Birchbank—perhaps I should describe this. This is rather an exaggerated scale portrayal of the Columbia river from what we call the section 8 site which is commonly referred to now as the Castlegar site, which is here; this is the Kaiser dam site here, and Murphy creek down here—the level at Birchbank, where the Murphy creek is, is 1,340 and the level of the base of the dam is 1,375, 35 feet difference of level of the river at the two sites.

Q. The river has fallen 35 feet?—A. Yes. What would happen is that the net effect of the dam at section 8, the so-called Kaiser dam site would be to raise this level to 1,402 which is a raise of level of some 30 feet. There is not enough there in that 30 feet, having regard to the fact that the channel here is mud and there is a backwater—to make it worthwhile putting in power at that site at all. But, if in place of building that dam you go down to Birchbank at Murphy Creek and build a dam, you get 35 feet more drop in the level and get the 30 feet you would have had here putting them together, and since the river is falling very rapidly below the other boundary there is no substantial backwater so you get a head of 65 feet with a flood of 1,402 feet. Does that explain it?

Q. Yes. Thank you. My next question is, suppose it is found practicable to go ahead with the Murphy creek dam what effect will that have on the Brilliant and Bonnington works?—A. I am very glad you asked that question. The river flows down over this Kaiser dam site here, then in a loop past Castlegar, down through the Tin Cup rapids, and the Murphy creek dam is below that. Over on the east side we have the Kootenay river coming in with the Brilliant plant of the Consolidated Mining and Smelting Company. Now, this project of course, will create a backwater against the Brilliant dam and will of course cut down the power at that dam when we have this built; but we have to have a sense of proportion. The total water usable of the Brilliant plant as it is presently developed is 14,000 cubic feet per second. The rest of the water of the Kootenay river which comes down is wasted water.

The flow that we are dealing with going down this river rises on occasion to a maximum of 480,000 cubic feet per second, and the average which we would be taking into account for development purposes is something in the order of perhaps 69,000. so you can see when you have 69,000 cubic feet per second to go over this dam we are not very much concerned with whether we make backwater against a plant which has only 14,000 cubic feet per second, or less than 1/5. What is more, what happens is this: we are not going to lose any power because this water coming in is going to go through the power plants here any way.

What we will have to do, or what somebody will have to do, will be to conserve the vested interests of the Cominco for whatever we take away from them for backwater against their dam.

Q. Would it in any way affect the Bonnington works?—A. A. It would not affect the Bonnington works at all because nothing you can put in the river below Brilliant will possibly have a backwater effect backup that stream.

Q. You referred the other day to the question of the fishing interests on the Fraser. I have had representations made to me by the fishing industry who express some concern about the change in conditions which might exist if a large quantity of the Columbia river were put into the Fraser. You referred to the possibility of ladders to enable the spawning fish to go up, but the concern of the fishing industry is not with the spawning fish going up, but with the millions of little fingerlings which have to live for a year in those waters, and during the early months of their existence are ravenously hungry and all this glacial water from the Columbia coming in with practically no vegetable matter or food for these fingerlings is causing a great deal of anxiety. Furthermore, you referred to the possibility of power sites being established on the Fraser. Again it is not the question of the spawning fish going up, but the fingerlings coming down over the dam sites, and I understand that no satisfactory solution has yet been found to diverting the small fish coming downstream so that they will go down the ladder instead of going over the dam and that the mortality of the small fish by experiment has been found to be somewhere in the neighbourhood of 45 per cent of all the little fingerlings which come down. Finally there is anxiety as to whether the change in the composition of the water in the Fraser by the introduction of this glacial water from the Columbia might not even divert the spawning fish from coming there at all because they follow up a river which has a certain composition of ingredients in the water. I do not know whether you are prepared to answer that?—A. Yes, sir, I am.

Q. It is a subject which is causing anxiety today amongst the fishermen?—A. If I may say so this is a most useful question which General Pearkes has interjected because it gives me an opportunity to state in fact what is being done by the commission on those various important matters which he has raised.

It has been arranged that we are to have a meeting with the International Pacific Fisheries Commission here in Ottawa in June to go into the problems which General Pearkes has raised in a most extensive and thorough fashion. Already the experts in the Department of Fisheries are giving consideration to getting together the necessary papers and the necessary specific data on these various matters for presentation at that time before a body which will be completely technically competent to assess what has been put up and to give us very informed and authoritative opinions on it.

At the moment in the International Joint Commission we are relying on the advice which has been given to us tentatively by our fisheries experts in the Department of Fisheries. They do not, as I understand it, lay too much emphasis that there is a danger from Columbia water because both rivers, as you know, to a considerable extent are glacial in origin and the snow melt is coming down and the amount of water which will be put in is not thought to represent anything which is prohibitive. However, those are matters which are being gone into at this very moment and will be taken up in June when we have these meetings.

Now, as regards the development itself and the danger to fish, and particularly the danger to the small fish going down, to which General Pearkes has referred, the danger becomes most important when you get to dams which have heads running above 200 feet. Up to 200 feet it seems, from the information which has been collected, that with reasonable arrangements the mortality of young fish is not prohibitive. That to a very considerable extent also depends upon the type of wheels which would be put in. If you use some types

of turbines without too much loss in efficiency, they allow the fish to go through. Those are possibilities which are being very carefully investigated and on which we will have a pretty good and authoritative report I think by the month of June this year.

When it comes to these very high dams the thing which seems to kill these fish is not so much the machinery but the change of pressure. Our fisheries people are adamant in saying where fish run we must not have 400 foot dams and the like. That is the great thing which has ruled out that great possible development at Moran to the north. That is a 450 dam or higher and is right in the most important run of fish. Nobody at this stage, as General Pearkes has indicated, knows how the fish could be got down that particular dam. I think if we did not have a fish problem Moran would be a very important project; it would be used very shortly by the British Columbia authorities, and brought into development. The fish situation there is a problem to which nobody has the answer.

On the other hand down from the Eagle river into Shuswap lake, and down the south Thompson, and then on to the Fraser and down the Fraser, from the very nature of those valleys and the fact that we cannot create excessive flooding because of salmon spawning in the river we will have to have a series of dams with comparatively low heads. While that would be a bit more expensive people are quite satisfied that it is not going to present the limiting factor; but those matters are all being checked.

There is another matter that we at the present time, under arrangements made in the commission, for the construction of the flood control works in the Okanagan, where we have a very long stretch of the river in process of development, to facilitate the spawning of salmon. It has come as a by-product of the work of flood control from what has already been done. The results on the procreation of the blue back are literally immense. What is more important to us is that we are learning the technique of flood control to accommodate the love life of the salmon. These experiments which are being done in the Okanagan will have a very useful effect on whatever we do in the years to come in the Fraser.

Q. In short you assure the committee that every consideration is being given to the fishing industry?—A. Indeed it is. The reason why our fisheries people are interested in the project is because they know that even if we cannot find some way of looking after the fish these communities are not going to have their power. We have got to find a way and the way to do it is by regulating the river from outside rather than destroying the fish inside.

Q. My final question will disclose my ignorance. I would never have dared to ask it had not another member asked me for the answer and I was unable to give it. Reference has been made in the general's evidence sometimes to kilowatt hours and sometimes to horsepower. Is it possible to relate those two?—A. Mr. Chairman, I have tried in all this report to get our units down to the very minimum. I tried hard to keep the term horse power out of our reports but when I was trying to recall the figure from memory this morning on the Pend d'Oreille I just could not remember what it was in kilowatts, but I did remember what it was in horse power, so I gave it in horse power.

A horse power is, by definition, 746 watts, which is .746 of a kilowatt.

Mr. PEARKES: Thank you general.

Mr. STICK: I do not know if he is any wiser.

The CHAIRMAN: Now, Mr. Jones.

By Mr. Jones:

Q. I think you are all feeling the same as I do, that the general's presentation so far has been clear, lucid and fine. There are very few questions which

have been left unanswered, but I do feel that I have one question to pose in relation to Similkameen. If I understood the general correctly, our failure to establish the usage of that water has caused the Americans to acquire prior rights to the water for good. Is that right?—A. I took the case of the Similkameen out as being one to illustrate the condition which has come about. Please do not think we are pointing the finger of scorn at anybody.

This is an old case and it is just to illustrate what happens to us if we are not alert and on guard to look after things.

There is a lovely stream, as you know, going down there. You would not think that anything is going to diminish it all as you look at it in Canada. Then you suddenly wake up to find that our good friends south of the line have put it to use.

Under the treaty, if they put it to use and continue to put it to use they have priority of right. We wake up, as we did in the case of the Similkameen—which was just before I came on the commission. My colleague, George Spence was faced with the fact that we had no water with which to look after the returned soldiers who wanted to be put on the land at Cawston Benches. They did make an application to get this water for irrigation.

That is the condition which turned up. We tried to get a solution so that the returned boys could be put on the land and we did arrive at a practical solution; but that whole question needs to be reviewed.

I am getting into a little legal trouble perhaps. The treaty lays it down that the jurisdiction in case of a dispute of that sort is with the court upstream.

If we were to take some more water out, and the Americans were to sue us, they would have to come into our court and sue us in accordance with our law. Yet, the appropriations which they claim on the Similkameen are not based on our law at all. They have a much more free and easy system of allocation of water rights in the state of Washington than our people would tolerate or have ever tolerated in British Columbia.

For example, they have what they call riparian rights which are a hang-over from the old riparian law of water. Those people who are along the Similkameen in the United States have certain indefinite rights to the flow of that water which they call vested rights. If it comes to court, are those rights going to be recognized if the case is tried in Canada? Those are things which have got to be thought out and worked out and arrived at. There should be a competent authority somewhere to do that thinking. It is not the responsibility of the International Joint Commission because we only come into these things after a row has been created. We are asked under some reference to find a *modus-operandi* or to find a peaceful solution, but a peaceful solution is not necessarily a legal solution.

Q. Do I understand that the state of Washington is quite at liberty to establish works with waters coming from Canada without consulting Canada or the International Joint Commission?—A. The only restriction under the treaty upon the state of Washington is to put all works in the Similkameen below the boundary which would have the effect of damming water up into Canada. They can put a dam below the boundary and dam up the water and we cannot do anything about it; and by their damming they can acquire rights to the continuation of the flow, under riparian water law.

Q. Are the present services at Shakers Bend and Zosel dams carried out by the Americans or by your staff?—A. The dam around Shakers Bend and the Zosel dam is what you have in mind?

Q. Yes.—A. Those are carried out by the Americans, but the Zosel dam you referred to at the foot of Osoyoos lake is operated under an International Joint Commission order because that dam has an effect on the boundary which

runs across Osoyoos lake and raises levels above the boundary. Therefore the commission had to pass on it. It is already under our control. And when I say "our control" I mean international control.

Q. The settlement at Cawston Benches has a lot more land to put under irrigation. What would be the status of that community when they want more water? Are they now subject to refusal by the Americans, or can we demand water for that area?—A. That is a matter, Mr. Jones, which has given me a good deal of anxiety. As I recall it, the original requirements of the Cawston Benches was about 4,800 acre feet. I think that the allocation of water made by the British Columbia Department of Lands is about half of that, that is about 2400, or 2500 acre feet. That was important land there and it could be usefully developed.

If they were to take more water out of the river, there would undoubtedly be a protest immediately from the authorities in the state of Washington, and if such a protest should come—I do not like to predict action ahead of time—but it is my thought that the competent authorities in the two countries and also the International Joint Commission will have to go into the validity of these so-called rights of the interests which have been established south of the boundary. That is one way.

These rights may be reduced by a process of adjudication to something which makes reason, or on the other hand, it is clear from the previous orders issued that if we wish to conserve additional water upstream, arising from the flood flows presently in use, we have every right to do it.

Perhaps we can build a little bit more storage in Otter lake.

There are those two alternatives of approach—either by adjudication of the right to bring them down, which is fully justifiable by law of the upstream user, or by the upstream state conserving additional flood waters.

Anyway, I have been waiting for sometime hoping that that particular matter would find itself before us again. I think my colleagues have looked with a great deal of anxiety at the way the Similkameen stands at the moment.

There is another business there which may interest you. You know the Americans have a proposal which has been worked out very carefully by their army engineers and their reclamation authorities, to build a great dam at Shankers Bend which would flood water up into Canada. That would put a lot of our fruit lands under water.

Unless you are prepared to protest against this dam, it would mean that stored waters of the Similkameen would be put into a reservoir for the benefit in perpetuity of the people downstream. I do not think anybody is likely to get the authority from the present Canadian section of the International Joint Commission for such a project.

Q. Does that effect the town of Princeton? They only got established two or three years ago. Now they are anxious to get water rights for their own purposes and for power at sometime. Could they acquire those rights now?—A. If they make application to the British Columbia Water Comptroller, he will, I have no doubt, give his opinion as to whether they conflict in any way with the so-called vested rights south of the boundary. If he should find that they do conflict, he would so advise, and he would advise the British Columbia government, or some authority, and in that way an application would be made to the International Joint Commission to come into the matter. We would have to go into all the aspects of it and give a report and a recommendation.

Q. I have one more question: is there a potential power site in Canada on the Similkameen? I understand you have investigated a proposition around Bromley and up towards Headley.—A. I can only say this, regarding the work of the committee under the Columbia reference, that it is going into the whole question of the Similkameen, more particularly with a view to finding, if possible, head water storage on its many tributaries.

If we can find sites for head water storage and if they are built, that water, if it is conserved for flood water, is completely under the control of Canada, that is, the province of British Columbia. We will have all the water we can conserve from flood flows, and that will be available for irrigation in that region.

I would not say, from what I have seen of the progress reports of our Columbia Board that there is much possibility for power. The power projects are very small and the water is so valuable for irrigation, that if we manage to get these sites upstream, we won't want to have power dominating its uses for irrigation purposes. I do not like to stress the power aspect of it there. We will have a report on it in due course.

Now in answer to your previous question I think I should summarize the point concerning the United States. Let us suppose we were to take some more water out of that river, they would feel that their rights, their vested rights, were being interfered with. They could get a reference before the International Joint Commission to go into it, or we in Canada might find some storage of flood waters to look after that particular problem, as was done in the case of Cawston Benches; or they could go to the Exchequer Court of Canada and sue us, or to ascertain what their rights are. So there are three lines which are open.

The CHAIRMAN: Now, Mr. Crestohl.

By Mr. Crestohl:

Q. General McNaughton, I am not familiar with the technical aspects of your report, nor am I familiar with the details; but in its practical application you first say that it would be about 30 years hence before we would be able to see the full advantages for our country if your plan is implemented. Can you specify that, or give us any details about it? Just what was in your mind when you spoke of the advantages which would flow to Canada, as you say, 30 years later?—A. Perhaps we are a little speculative. We can only take past history and try to project it into the future to guide us in what we should do.

As things stand at the moment, the power requirements on the west coast are doubling about every seven years. There is an indication from a number of sources, and for a number of considerations, that the requirements on the lower basin of the Fraser will increase perhaps more rapidly than that.

At any rate, power requirements are going up in that region very very rapidly indeed; and it is perfectly clear that in the long run all the water resources of the region will be taken up and we will have to look to more expensive sources of power in order to satisfy the demands of the people for energy.

We have nothing to spare. Of that we are all convinced; and I think that the economists from the Department of Trade and Commerce who are, I believe, to speak to this committee, later will bear me out. We have nothing to spare. We need everything that we can get.

The proposal which we have indicated to you is that of conserving the flow of Canadian ownership for Canada. There is every reason to believe, that in the course of two, or at most three decades these flows will be fully taken into use.

If we can arrange it and settle it that is what we should do, while we still have the power of decision in our hands. The people in the Fraser basin of British Columbia will be able to lay out an ordered scheme of development and not attempt to do it all at once, but to do it as part of a great coordinated plan to meet their requirements as they go along feeling that what is done at one site will fit in precisely to the best efficiency with what is done at other sites.

What I claim, as an individual, is this; that while the situation is still malleable, we should somehow or other in Canada bring about cooperation between the government of British Columbia and the federal authorities here and the Canadian section of the International Joint Commission so that we could get such a plan set up and not lose out.

Q. We hear conversations about the absorptive capacity in Canada to bring in more people. To what extent, if any, can you tell us how those projected plans will improve the so-called absorptive capacity for the settlement of large numbers of people in that section of Canada?—A. This is a question of energy. We are into a regime of development in which the availability of energy is probably the most important single factor. Now, if we can lay out a plan such as indicated, for this reason in British Columbia, and that plan gives an assurance of energy to industry, then the people will undoubtedly flock to it.

As a great consulting engineer said at the time when the International Joint Commission had the St. Lawrence and the powers related to the St. Lawrence under debate—that was in 1921, and the name of the engineer was Marchand—he said that we were moving into this era where the measurement of industry had to come around mining and power, and he was quite sure that Canada would be wise enough to retain that amount of power and not to give it away.

Those important words are equally apt to the situation in British Columbia today, and if a planned use can be made of these great resources with which Providence has endowed that province, there is no doubt about the industry coming and there is no doubt about people coming and flocking to it. Not a doubt!

The CHAIRMAN: Mr. Patterson.

By Mr. Patterson:

Q. Mr. Chairman, I am sure we all appreciate the information that has been given to us not only in the general statement by General McNaughton but also in respect to the various questions which have been asked.

There is one thing that I hardly agree with. I think I have your statement correctly when you said that this present bill does not add anything to the power that the federal government already has. Well, I think personally the very fact that this bill has been introduced would somehow imply otherwise. However, I will leave that. There are a number of questions I would like to ask. Has the British Columbia government been given all the information we have received with respect to the power development in British Columbia?—A. I think I mentioned earlier that this critical change in the position came only when we knew we had a reasonable possibility of taking water through the Monashee mountains in the vicinity of Revelstoke into the Fraser. The report which I made to the government of Canada was made on the same date as the report I made to the premier of British Columbia. Does that answer your question?

Q. And therefore all the information we have received during these sessions is in the hands of the British Columbia government?—A. I could not say that categorically because you have, with the questions here, drawn out a lot of aspects that perhaps we have not put categorically as yet in the form of reports. There may be aspects which are new. Certainly some of the questions have brought forward new and novel points of view of some of the details. No doubt the British Columbia government will have that very quickly. But we have made it our constant concern to see that every scrap of information relating to this great project under the International Joint Commission has gone promptly, as soon as it was available, to the government of British Columbia, and that will continue.

Q. Perhaps I should revise the order of my questions because of the fact that you referred to the diversion into the Fraser. I would like to ask what procedure would have to be followed if the government of the province of British Columbia opposed the diversion of water into the Fraser? I want to assure you I have not any reason to suggest that that would be the case, but there is a possibility I think.—A. Mr. Chairman, I hope that I never made a suggestion anywhere that anybody is going to compel the province of British Columbia to adopt any of these developments. We have in the commission a responsibility of studying the matter and putting up proposals and suggestions and recommendations to all the governments concerned. When we have done that, that is where our responsibilities end. The responsibility is then with the government of British Columbia primarily to see whether they accept these recommendations and should get along with it or whether they reject it. What we depend upon in carrying perhaps public opinion with us in these matters is the expertness and validity of the information we will put forward. If we cannot carry public opinion with us in these matters, that is the end of it.

Q. With respect to the Fraser, would the diverting of the water have the tendency to accelerate the process of erosion more rapidly during high water? As you probably know we have many erosion problems, particularly down in my riding and this is of concern.—A. I am taking the hydrograph at Hope as an example. The flood flows of the Fraser at Hope have gone as high as over 300,000 cubic feet per second; the average flow is just over 250,000, and the low flow is around 200,000. The best we could do with the water we have available or will have available in the Mica creek and Bull river reservoirs with less than 50 million acre feet and with that not figuring in the low points of the Fraser, we will get to a maximum of 78,000 cubic feet per second. That is nearly four times what the minimum flows of the Fraser are, but less than a third of the average flood flows and less than one seventh of the maximum flood flow, so I do not know the effect of erosion from our proposals would be significant at all.

Q. General Pearkes has already raised a question with respect to the fisheries. I understand that the salmon finds its way to the headwaters of streams and rivers in the spawning season. Is it possible that fish going up the Fraser would find their way through the proposed diversion into the other water system?—A. That would be very unlikely if they did but I do not think they could do that because there would be a tunnel and if we use the Eagle pass route the proposal is a large underground powerhouse at Summit lake with a head of 300 feet. I do not think that fish would go up there. That would be very welcome if they did.

Q. Why would that be welcome? I think it would have an effect on the Fraser fisheries if the fish found their way up the other channel and the fingerlings went down to the ocean and in the following season would try to come up the Columbia, and the Fraser would be left without the fish.—A. You have got me in a conundrum. May I suggest that it would be better to discuss those highly technical questions when we have this Fisheries commission meeting which will take place in Ottawa in June. I will put that conundrum to these experts and see what they say about it.

I think we have given you a diagram of what the Eagle pass, Summit lake powerhouse would look like and I do not think there are any fish that are going to swim virtually through that drop in the penstock at Summit lake. I do not think there is a hope of getting Fraser river salmon into the upper Columbia in that way.

Q. You stated that the construction of the Castlegar or Kaiser dam would rule out the possibility of the Murphy. Would it rule it out altogether or would there still be the possibility of construction of a lower head dam

at Murphy?—A. A possibility, yes. All things are possible. But, what is the purpose because the dam, if the site is at Murphy creek, can be built which will effectively control the levels of the Arrow lakes to such a height as may be decided upon after the consideration of property damage and so on has been properly taken into account. There is no particular purpose, as I see it, of building a barrage or weir which is what the upper dam would be. There would be no particular advantage at all in putting in a dam which has got to be just as high in any event to control those levels. The work is surplus. I see no useful purpose in it at all.

Q. There is just another question and it is in respect to an answer I believe you gave to Mr. Green and there seemed to be a little hesitation in replying to it, as to the reasons for your particular objection to the Castlegar dam. You mentioned the fact that it would rule out this one. Were there any other matters involved there?—A. Well, I think Mr. Chairman it was a matter of concern—objection is not quite the description of our attitude. We have no jurisdiction in the matter except to make a report which will properly and fully reflect the public interest. What we have to point out, is this: if you enter into a contract with an organization in the United States, assuming that you could enter into such a contract with them which is not known to be the case at the moment—but if you did enter into a contract and built a dam and gave them as their privilege the right to have this 3 million acre feet of water held up and regulated and released it in their interest downstream for 50 years, in my table 7 if you look at it you will see that for 3 million additional acre feet it makes it impossible for us, that is Canada or British Columbia, to carry out these diversion projects because particularly in the years of low flow there is not enough water for both. The situation is worse than that because if you allow this company to build this dam at Castlegar to impound this 3 million acre feet you have not only given the flow for the period of the contract but you have given the site also and that prohibits, if you have these large commitments downstream, using that site to put some water there to release in the low water years to satisfy whatever commitment may be found against it and so protect the storage that we have upstream so that we do not have to release it. The net effect of the Canadian position as regards freedom of action to do what we will to do, is not only the 3 million we lose under the annual contract but we also have lost the capacity as well so that the net effect is 6 million.

Mr. APPLEWHAITE: I have one question that came to my mind as a result of a reference Mr. Jones made to the city of Princeton. I understand that on both sides of the border regard, in the west, the water law is that of the right of appropriation, and that a prior right is obtained by time. The person who first starts to make use of it has the prior right. Is there any priority over the time factor given for the use of water for domestic purposes? Does domestic water get priority over and above everything else?—A. Yes. If it comes to the commission for adjudication we are bound by the priorities which are laid down in Article VIII of the treaty. Have we a copy of that?

The following order of precedence shall be observed among the various uses enumerated hereinafter for these waters, and no use shall be permitted which tends materially to conflict with or restrain any other use which is given preference over it in this order of precedence:

- (1) Uses for domestic and sanitary purposes;
- (2) Uses for navigation, including the service of canals for the purposes of navigation;
- (3) Uses for power and for irrigation purposes.

Q. Would that priority have the effect of overriding an acquired right for other purposes?

Mr. STICK: Once the right is given, you mean?

Mr. APPLEWHAITE: Yes.

The WITNESS: I think we had better get a lawyer to answer that question.

Mr. STICK: Perhaps we had better get the courts to answer it.

The WITNESS: You would have to take it to the Exchequer Court to see what their lordships would say. You have got me out of my depth.

The CHAIRMAN: Now, Mr. Byrne.

By Mr. Byrne:

Q. There is one matter I would like to clear up. Suppose the Bonneville Power Administration continued installations that would take advantage of the flood flow, that is in excess of the mean flow. If we put in a dam to control the freshets, would that constitute a breach of the whole agreement, or would it breach their riparian rights, so to speak?—A. I understand the question is this: can we go to work and regulate the flow of the river?

Q. Yes.—A. And somebody acting on that downstream puts up a plant to make use of it.

Q. No. I meant if he had previously made an installation to make use of the flood flow, then if we control the flood flow, so that he cannot use his installation for, let us say, five or six months of the year, when he has made his installation for that purpose, and we control the flood flow so that at no time would his installation be used to the maximum, would that interfere with his riparian rights?—A. Unquestionably. The principle of the western water law, as we understand it, is that if you make or bring water into beneficial use—and that goes for flood flow and everything; it does not distinguish—and if you bring water into beneficial use, then you have established a prior right. In respect to the great investments which have been made, they have a right to continued use.

Q. That is what you meant when you said that no time should be lost in Canada in ascertaining what we intend to do in the employment of upstream waters.—A. Yes, and we have a very good precedent for that because now, in the states of Washington and Montana, their law provides that if great projects are put under reservation their law provides that the water can be reserved for this purpose. We have never done that in Canada so far and somehow we must find a mechanism to protect our subjects, that is one of the things I suggest.

Q. Suppose the Kaiser Aluminum people found it necessary for the Bonneville Power Administration to make a new installation in order to make use of that water, what would be the amount?—A. An amount of three million acre feet would be leased on their load curves in such a way that it would not add to the requirements for installed capacity. There is still a great shortage of water.

The gap below that line has got to be filled, and that is where the water would be put, but they have not take it into use. You will remember that this is a contract. So it is not only the water law that is of interest to the Canadians, but the specific terms of a contract. It would be operating against us.

Q. It does seem then that there are installations at Bonneville which are not operating to their full capacity during the mean flow.—A. That is right.

Q. And they could conceivably take advantage of the spring flood or of the flood time. There is a very close margin as to whether any control dam would affect their present installations.—A. I tried to set out that position as clearly as I could in my Table 7 which I have given you.

Q. Yes.—A. I asked people to believe that I am trying to pass on the rights, because I do not know the answer, and I do not think that anybody else does at this stage. So all I could put in that table was information as to an estimate of the water which will be made available; and if we interfere with those

demands, the matter will unquestionably go to the courts; and if we have interfered with rights which are recognized by the courts, then we would be in difficulties.

Mr. STICK: Mr. Chairman I move that we adjourn.

The CHAIRMAN: Give us a chance. It is still early and we have only a few people asking for the floor.

Mr. STICK: You said that you would adjourn at ten minutes to one.

The CHAIRMAN: The general will not be available again until next Wednesday, and we have an appointment with the Deputy Minister of Justice on Wednesday. So let us clear up Mr. Green's questions even if we do have to sit for a few minutes overtime. Perhaps we could clear them all up this morning, subject to the general being recalled when British Columbia comes here. Now Mr. Green.

By Mr. Green:

Q. Mr. Chairman, I am still very much concerned over the method by which the project at Mica creek is to be constructed. There have been reports in the press that the American power companies are offering to build that dam and to own it, of course. Apparently they have some method by which their financing is assisted by the United States federal government so that they are able to borrow money at an extremely low rate of interest. That is why they can put forward a proposal to build a big dam in Canada. I would like to ask General McNaughton whether there is any similar setup which would enable Canadians to build a dam on the same financial basis as that of the private companies in Washington and Oregon could do it?—A. No sir. There is no such comparable basis. Their system has not been, as far as I know, has never been adapted in Canada. What it does in the United States—more particularly with great projects like the port authority of New York, which is a compact within the meaning of "compact" within the United States constitution, between the state of New York and the state of New Jersey—is to set up a private authority over navigation, over air travel, or bus travel, over the handling of freight, over the building of bridges which cross the Hudson, and over such great public undertakings which are not in the class you want to go to private interests to make profits out of. These are rather different from the expenditures which governments like to make currently, with current budgets for things like schools or the like.

There is an area of public requirements for facilities which are of a very large character that have to be built generally to serve needs, and in which the public do not want people making profits out of them. They want them continued over a great period of years.

The United States has invented this authority idea as the means to do that and they have passed legislation which provides that the authorities which are duly recognized may have the privileges of financing by the issue of what they call revenue bonds which are tax free. By that means they draw to them a lot of capital which is really venture capital, and capital drawn out of the stocking, so to speak, which becomes available to handle these enormous enterprises. I had the privilege of a meeting with the New York Port authority a few weeks ago in New York. We had some common matters to talk about in relation to water problems; but incidentally it gave us an opportunity to ask them for some information about how they work and how they do it. We are very impressed by it.

The projects they now have under contemplation are literally colossal. They spoke of \$900 million of new investment in the installation of facilities in and around New York in the next four or five years. I asked them if they would have difficulty in raising the money and they said: "No. It is just a matter of routine now."

They get their money under 3 per cent. It is a sure return, because of the authority that gives them permission to finance in that way, and the issue is tax free. They are revenue bonds, of course, and they satisfy themselves beforehand that there is enough revenue in the site not only to pay the interest but to amortize the bonds. I think they are working on a 30 year basis. The other place where it is used to a considerable extent in the United States is building the new turnpike road or mammoth highways and so on which are done in the same way.

When we had our discussion at Ottawa with representatives of the Puget Sound utility council, which I carried out on the insistence of the government of British Columbia and on their behalf, it became clear if they were to put up the 300 odd millions for building Mica that the money would be raised in this way. One of the associates of the utilities council is a public utility district and that public utility district has the privilege of issuing these kind of bonds. Of course, in building our great works we have not had the possibility of doing anything of the sort. I do not pretend to be a financial man and do not know what the impact on our system of finance would be, but it does seem to me since it is being used to such an extent south of the line and apparently with good effect in the field, that these matters are worth some study, more particularly as the charter of this new proposal in the west part of the states of Montana, Washington, Oregon and Idaho has their power authority specifically included, and the draft legislation to be put before Congress specifically includes legislation to raise money that way.

By Mr. Green:

Q. Just one other question. Does your plan for diverting water from the Columbia to the Fraser involve the possibility of irrigating any land in the Fraser watershed and if so how much and where?—A. Mr. Chairman, that is a very important feature and I am very sorry I did not emphasize it more. I am grateful to Mr. Green for this question because in the Okanagan we have in the investigations carried out by our people located lands to the tune of, I think, 141,000 acres which is very suitable in all respects for irrigation. That is, as you people will appreciate, an immense addition to the agricultural acreage of British Columbia which can be brought about.

The Okanagan is a very nice looking river on the map, but it has not much water. It is quite impossible to take on a block of land of that sort running into 141,000 acres of land from the existing water of the Okanagan. The water must be brought in. We have had studies to bring water in from Shuswap lake, but there are divides there and it means pumping and so on. It might be done at a cost, but in these diversions coming down Eagle river particularly it has been thought we will have the water perhaps at sufficient height that it might be carried out with pumping into the particular areas of irrigation which are required.

I cannot at this stage be specific as to how these matters might be handled because just as with the diversion there are three or four alternatives being studied at this moment. We do not hear, nor do our engineers even yet have their minds made up about the one which represents the biggest advantage.

Similarly with this irrigation project we have in mind, but that is definitely part of the proposals that we are looking into. British Columbia is very very short of land for farming purposes. In any great development we do we must not overlook that factor.

The CHAIRMAN: Now, gentlemen, I think I shall again state, as I did the other day, that I am expressing the wishes of the committee in saying that we have highly appreciated the presentation and the answering of questions by General McNaughton.

Before we adjourn, however, I would like to have more or less of an understanding. It was well known that this meeting was to be held this morning. It was announced at the meetings on Wednesday and Thursday, at those two meetings. We are still willing to go ahead for another ten minutes if somebody has any questions to ask. If not, it might be right to assume that for the time being we are through with the present witness, of course subject to recalling him with the agreement I have given to the British Columbia government: and this is conforming to what was agreed to by the committee, that whenever they come, if it be their wish, we can recall General McNaughton. Otherwise I think we can assume our questioning of him on his brief is through.

General McNaughton will be away until Wednesday morning. The Deputy Minister of Justice is expected to be our next witness, so if you all agree we shall meet on Wednesday afternoon of next week at 3.30 to hear Mr. Varcoe, the Deputy Minister of Justice who will be our witness.

Naturally I do not assume that he has any definite presentation to make to the committee, but he will be available for members who wish to question him on certain legal aspects of the bill.

If he has a memorandum, we will let him go ahead without questioning, otherwise we will open right away with a period of questioning and I would like to carry on with the same system we have had up to now, and give a chance to the people representing the various trends of thought to ask their questions, so as to complete our evidence with him in one or two meetings. Thursday morning we can also have this room available for a meeting. On Thursday afternoon there is a proposal that this committee, together with the External Relations committee of the Senate, should meet together to hear the Secretary of State of the United States, Mr. Dulles, when he would address both committees at a joint session.

That meeting could be in one of the Senate rooms because room 277 will be taken up for a reception which is to follow. On the other hand, this room might do if we took away the desks.

There would be a statement by Mr. Dulles followed by a question period. He would be presented by one of the two chairmen—one from the House and one from the Senate—thanked by the other.

After finishing with Mr. Varcoe on Wednesday afternoon or Thursday morning, we shall try to conclude with the officials from the Department of Northern Affairs and National Resources and Trade and Commerce in order to wind up, if possible, this part of the evidence before the 25th, as some member's have expressed a wish to do so prior to the end of the month.

After the recess we will receive first the representatives from British Columbia and then those from New Brunswick and other provinces if they so desire. Then it may be that the same witnesses we already heard will be recalled if there is a request.

If those suggestions are agreeable, I will take them as accepted, and we shall meet again on Wednesday next at 3:30 to hear Mr. Varcoe.

MR. GREEN: Mr. Chairman, there is one suggestion I would like to make. Some of us have been placed on the committee for the purpose of considering this bill. Others have gone off the committee for the present and those people were going to go on with the External Affairs estimates. No doubt they will return as members of the committee when the External Affairs estimates are considered. In the meantime, is there any way by which you could arrange it so that these men who have given up their places for us today may be invited to hear the Secretary of State, Mr. Dulles.

THE CHAIRMAN: It is the privilege of every member of the House to be present at the meeting of any committee of the House, whether in camera or

otherwise. It is the right of every member to attend any committee whether he is a member or not although he does not have the right to ask questions, but any member may sit in on any meeting; anyone who wishes to come may come.

Mr. GREEN: The space here will be very limited. I am merely suggesting that these members who have been kind enough to go off the committee temporarily should be invited to be here.

The CHAIRMAN: Knowing who they are in each group you might warn them to be here a few minutes ahead of time so that they will take the best chairs. We cannot have names put on the chairs. It will be up to everybody to be here ahead of time. The meeting will be here or in the Senate and you will be notified as to which room it will be in.

HOUSE OF COMMONS

Second Session—Twenty-second Parliament,
1955

Government
Publications

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

WEDNESDAY, MARCH 16, 1955

WITNESS:

Mr. F. P. Varcoe, C.M.G., Q.C., Deputy Minister, Department of Justice.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. Philippe Picard, Esq.,
and Messieurs

Balcer	Garland	Mackenzie
Barnett	Gauthier (<i>Lac St.Jean</i>)	Macnaughton
Bell	Goode	McMillan
Breton	Green	Montgomery
Byrne	Henry	Patterson
Cannon	Herridge	Pearkes
Cardin	James	Regier
Crestohl	Jutras	Richard (<i>Ottawa East</i>)
Croll	Kirk (<i>Shelburne-</i>	Stick
Decore	<i>Yarmouth-Clare</i>)	Stuart (<i>Charlotte</i>)
Diefenbaker	Low	Studer—35.
Fulton	Lusby	

Antonio Plouffe,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

WEDNESDAY, March 16, 1955.

(6)

The Standing Committee on External Affairs met at 3.30 o'clock p.m. this day, in Room Sixteen. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Balcer, Barnett, Bell, Breton, Byrne, Cannon, Cardin, Crestohl, Croll, Diefenbaker, Fulton, Gauthier (*Lac Saint-Jean*), Goode, Green, Herridge, James, Jutras, Kirk (*Shelburne-Yarmouth-Clare*), Low, Mackenzie, McMillan, Montgomery, Patterson, Parkes, Richard (*Ottawa East*), Stick.

In attendance: The Honourable Jean Lesage, Minister of Northern Affairs and National Resources, Mr. Maurice Lamontagne, Assistant Deputy Minister; Mr. F. P. Varcoe, Deputy Minister, Mr. E. A. Driedger, Parliamentary Counsel, Department of Justice.

The Chairman read into the record the following communications in reply to his telegram of March 1st on Bill No. 3 addressed to the Provincial Premiers:

1. Letter from the Premier of Manitoba dated March 11th.
2. Letter from the Premier of Saskatchewan dated March 11 suggesting an amendment to Bill No. 3.

The Committee resumed its study of Bill No. 3 and the proposed amendments thereto.

After discussion and on motion of Mr. Croll, seconded by Mr. Herridge,

Resolved,—That Bill No. 3 be reprinted with the suggested amendments to clauses 1, 5 and 7 including a proposed new clause 11, as a working paper for the convenience of the Committee.

Mr. F. P. Varcoe was called and questioned on the legal interpretations of the Bill before the Committee.

By unanimous consent, the Minister of Northern Affairs and National Resources was heard and answered questions.

It was decided to hear the legal officers of the Department of External Affairs and the officers of the Department of Northern Affairs and National Resources, in that order, following Mr. Varcoe's evidence.

At 5.45 o'clock p.m., the witness's examination still continuing, the Committee adjourned until Thursday, March 17, at 11.00 o'clock a.m.

Antonio Plouffe,
Clerk of the Committee.

EVIDENCE

WEDNESDAY, March 16, 1955.

The CHAIRMAN: Gentlemen, let us carry on until our witness arrives. We are expecting the Deputy Minister of Justice who may have been detained. Perhaps I might read a further answer which I got to the telegram we sent to all the premiers.

This one comes from the premier of Manitoba and was received a few days ago. It reads as follows:

PROVINCE OF MANITOBA
Office of the Premier

WINNIPEG, March 11, 1955.

Mr. L. Philippe PICARD, Chairman,
Standing Committee on External Affairs,
House of Commons,
Ottawa, Canada.

Dear Mr. PICARD, I wish to acknowledge your telegram of March 1st offering opportunity to the Manitoba Government to make representations to the External Affairs Committee concerning Bill No. 3.

Manitoba does not intend at this time to make written or oral representations with respect to this Bill, but we would appreciate being kept informed as to developments in the Committee. I suggest that you or the Secretary of the Committee provide my colleague, the Honourable C. E. Greenlay, Minister of Mines and Natural Resources, with any information which would be of interest as the Committee progresses with its deliberations.

Yours very truly,

Douglas Campbell.

We shall carry on with the same procedure for this province as for the others. We will send, as soon as they are received from the printer, five copies of the evidence to each of the provincial governments.

Then I received a further letter from the government of Saskatchewan. They have sent enough copies. The Clerk will now be good enough to distribute them to the members of the committee.

The letter reads as follows:

REGINA, March 14, 1955.

Re: Bill No. 3—An Act respecting construction, operation and maintenance of International River Improvements.

Dear Mr. PICARD: Your wire of March 1 to Premier T. C. Douglas has been referred to my office for attention and further reply direct to you. I wish, therefore, to make the following representations to the Standing Committee on External Affairs in behalf of the Saskatchewan Government.

This Bill, which provides that a licence must be obtained from the Government of Canada for any works on an international stream, presumably is intended to prevent exportation of international waters, and any power that might be generated from said waters, which might be required for the general advantage of Canada.

I trust it is not the intention of the Canadian Government to insist that a licence be obtained under this Act for the thousands of small domestic and irrigation projects built and to be built for farmers on the prairies. All of the international streams in Saskatchewan are comparatively small and their use is consequently limited to development of such small stockwatering supplies and domestic and irrigation projects necessary for the existence of the farm population. Actually, farmers, by constructing works to assure them of a reasonable water supply, are merely exercising their riparian right. On these western prairies, where the streams flow for only a portion of the year, as compared with perennial flows in streams in most other parts of Canada, it is absolutely necessary that these small projects be built in order to store and utilize water during the short period it is running in the streams as an insurance against a shortage later in the season.

To be required to obtain a licence under the proposed Act for each and every one of these small projects, does not appear to be reasonable and would involve a considerable amount of unnecessary work and inconvenience to both Canada and Saskatchewan.

As previously stated, it is unlikely that the Bill was intended to include such projects. However, as we interpret the Bill as presently worded it includes every project, no matter how small.

If our interpretation is correct we consider the Bill to be an infringement of Provincial Rights by refusing to this province the right to develop and use the waters of all streams within our boundaries, the title to which was given to Saskatchewan under the Natural Resources Transfer Agreement of 1930.

The Province of Saskatchewan, therefore, suggests that the Bill be amended to include the following section:

There is excepted from the operation of this Act any works built or to be built on international streams which will result in the waters of such streams being put to beneficial use entirely within the boundaries of any province.

Furthermore, this proposed amendment is proffered without prejudice in the matter of further representations should the amendment, as drafted after a more detailed study or experience, prove insufficient to safeguard the rights of the Province of Saskatchewan under the Natural Resources Transfer Agreement of 1930.

If your Committee objects to the insertion of such a section then the Province of Saskatchewan requests permission to make representation before your Committee in order to present its case.

As requested, I am making available to you fifty copies of this letter.

Yours sincerely,

I. C. NOLLET

In view of the course of study we are to make today with the Deputy Minister of Justice—to whom a copy of this letter was sent a few days ago—I thought we might deal with these letters at a later date, if it is acceptable to the committee, and a decision might then be reached.

We have with us now the Deputy Minister of Justice, Mr. Varcoe, and I will ask him to take his seat at the table.

Mr. F. P. Varcoe, Deputy Minister of Justice, called:

The CHAIRMAN: According to our agreement, we are to have Mr. Varcoe with us to answer any questions from the members of the committee concerning Bill No. 3. It has been agreed further to my talks with officials from the government of British Columbia, that we would not reach a definite conclusion on any article of the bill until the provincial representatives come here at a later date after the Easter recess.

So I will, with your permission, now proceed to call each clause of the bill and then if any member of the committee has a question to ask, he may do so.

The deputy minister has no presentation or memorandum to submit in writing, but as I call each clause of the bill, then the period of questioning him upon that particular item will begin.

I might say that the deputy minister is accompanied by Mr. Driedger who is parliamentary counsel from the Department of Justice, and he will be available to answer your questions.

The fact that we step from one item to another does not mean that we agree to that one particular item. That would be according to our agreement with British Columbia. We are only going to investigate and explore this field while we have the legal authorities with us from the Department of Justice.

But at a later date, after we have heard the provinces, or those of the provinces who wish to be heard, then we will call the bill and decide whether or not we accept each item or clause.

Mr. GREEN: Could we not have some general questioning before we go on to questioning with respect to individual sections?

The CHAIRMAN: Why not have the general questioning on the short title. I will call the short title just as I did when General McNaughton was here, when you may ask questions of a general nature which do not apply to one particular item. I have already been asked to do that; perhaps I should have mentioned it before. I shall call the short title and questions generally pertaining to the bill will then be in order. The first will be Mr. Byrne.

Mr. BYRNE: Mr. Chairman, I would like to ask a question.

The CHAIRMAN: Pardon me for interrupting, but first I should read for the record the short title.

1. This Act may be cited as the International Rivers Act.

Hon. Mr. LESAGE: Do you mind mentioning the amendments which are proposed?

The CHAIRMAN: Yes. The minister expressed his desire the other day that an amendment might be brought in to this short title.

1. This Act may be cited as the "International Rivers Act".

The WITNESS: The word rivers should be in the singular: it should read river not rivers.

The CHAIRMAN: There are many rivers.

The WITNESS: Well, following the form which is usually adopted in this type of legislation, the expression would be "International River Improvements Act."

The CHAIRMAN: Even if you have more than one river?

The WITNESS: Yes, quite!

The CHAIRMAN: Very well. So we shall strike the "s" out of rivers.

Mr. CANNON: That is the spelling which is used already in the long title.

The CHAIRMAN: Will anybody move an amendment accordingly?

Mr. CROLL: I move it.

Mr. GREEN: Mr. Chairman, we are not moving amendments to the bill yet?

The CHAIRMAN: We are proceeding with a study of the bill. The way we are to proceed is this: the government has mentioned its intention to bring to us possible amendments. So if we are to hear the Deputy Minister of Justice why should we not at the same time hear him on the definite wording as proposed by the government for example, as an amendment to the first one?

Mr. GREEN: I agree with that, but are you planning actually to have amendments moved?

The CHAIRMAN: No, I am planning to have amendments accepted but not to have any decision reached with respect to them today. Instead of having the text read as it does now "This Act may be cited as the International Rivers Act", we will accept an amendment right away to make it read "This Act may be cited as the International River Improvements Act."

We will not take any action as to whether or not we approve the clause, but it will keep it more in order if we, right away, accept amendments according to the declaration made by the minister the other day.

If we proceeded with the title as it was—knowing that within a day or so somebody would be moving that we change it—why should we not bring it right away into the form which it might have, or in which it might be submitted to the committee later on? In that fashion we would have right away the particular position of the government as far as the bill is concerned.

As I have said, we do not have to vote this afternoon or to decide whether or not we accept it. But I thought it would be quite in order, as we know now what the government intends to do with the bill and any amendment which it intends to bring it.

Mr. GREEN: We had these proposed amendments submitted to us the other day.

The CHAIRMAN: Yes.

Mr. GREEN: And today you have an amendment which was suggested by the province or government of Saskatchewan. My understanding was that the committee would hear the evidence and get the whole story, before it started passing sections or amendments to sections or anything else.

The CHAIRMAN: We are not passing them. We are studying them.

Mr. GREEN: I do not see why these amendments suggested by the dominion government should be adopted at this stage.

The CHAIRMAN: I said that they would be proposed. I did not say that they would be adopted.

Mr. GREEN: There are several other amendments proposed by the dominion. I suggest that this is contrary to the understanding we had in the committee last week, if we go ahead and actually move amendments. Why not just let us get the story from Mr. Varcoe and the other witnesses and then, when the

evidence has been heard, we can proceed to deal with the bill section by section? This would be the wrong way to deal with the bill.

The CHAIRMAN: That is your view.

Mr. CROLL: It was my thought, Mr. Chairman, that the amendments which were suggested a few days ago might be moved at this time and then you might ask for a reprinting of the bill.

The CHAIRMAN: That is right.

Mr. CROLL: The advantage would be that we have the whole bill before us. From time to time we will have amendments, such as the one from Saskatchewan as well as amendments from some of the members here, and they will be dealt with in the light of the bill. If we do not proceed in that fashion then I must pick up the bill and then pick up the various amendments. So I shall move now that section 1 be amended to read as follows:

1. This Act may be cited as the International Rivers Improvements Act.

The CHAIRMAN: Did you say International River?

Mr. CROLL: I said "International Rivers Improvements Act."

The WITNESS: It should be in the singular.

Mr. CROLL: This is being done for the purpose of printing only, without any decision. Do I make myself quite clear?

The CHAIRMAN: That is why I said that today we are not passing on any item of the bill. We are studying it with the legal advisers of the Department of Justice, but we do know that the government has expressed the wish that some of the articles be amended, so we might as well have it, as Mr. Croll has said, in its definite form, in the form which the government wants, and to have it definite before we even send it to the provinces, or before we get explanations from the officials.

We will not pass on it. Even if we have gone from the short title to clause 2, it does not mean that the committee had adopted clause 1.

I gave an understanding to the government of British Columbia that we would not adopt any items of the bill until they were given an opportunity to come here. But we have to put the evidence on the record and we have the Deputy Minister of Justice with us for that purpose. Why should he answer questions with respect to a bill when it is known that the bill will be amended in a week or so?

Mr. CROLL: Mr. Chairman, I have a further amendment. It has to do with section 7. I move that section 7 be amended so as to read as follows:

7. This Act does not apply in respect of an international river improvement

- (a) constructed under the authority of an Act of the Parliament of Canada, or
- (b) situated within boundary waters as defined in the treaty relating to boundary waters and questions arising between Canada and the United States signed at Washington on the 11th day of January, 1909.

And I also move that the following provision be inserted in the bill which reads as follows:

11. Notwithstanding anything contained in this Act, any law of a province which, but for this Act and regulations, would be applicable to an international river improvement shall apply in the case of such international river improvement except in so far as such provincial law is repugnant to this Act or regulations.

I move that and I suggest that the bill be reprinted in the form as originally suggested and that no action be taken at this time.

The CHAIRMAN: There is an amendment to clause 5 which was also approved by the minister.

Mr. CROLL: Oh yes, clause 5 on page 2. The present clause 5 on page 2, yes. The amendment should read—oh yes, the amendment is to delete the word “of” in lines 6, 7, 9 and 10 on page 2 and to substitute therefore, in each case, the words “not exceeding”.

I have already moved that the bill be reprinted.

Mr. GREEN: Mr. Chairman, I have very serious objection to this course being followed. This committee had referred to it Bill No. 3 in the terms in which Bill No. 3 got its second reading in the House. Now, Mr. Croll's proposal is that there should be certain amendments to this bill, and that such amendments be adopted.

The CHAIRMAN: I did not say that they be adopted. I said that they be proposed.

Mr. GREEN: If they are not adopted, then they cannot be printed.

The CHAIRMAN: Yes. We can order any kind of printing we want from the printing office.

Mr. GREEN: They should not be printed unless the amendments are adopted.

The CHAIRMAN: Just a moment. I have inquired about that and any committee has the right to ask for printing as working papers on any bill amended so as to avoid mistakes, in the reading or the study of the bill. Proposals are made. That does not mean that we are adopting them. It means we have a bill, such as we have now, and that we are getting the wording which some of the members have proposed.

Mr. GREEN: Until these amendments are adopted, they should not be printed in the bill. What we have here is a submission by the government of amendments which will be proposed. But there may be half a dozen different changes in the way of amendments and the government may decide next week that it will suggest another method.

The CHAIRMAN: If so, they will be proposed a second time. That is all.

Mr. GREEN: There is absolutely no reason for moving these amendments, and then having the bill reprinted. We are not necessarily approving any of these amendments.

The CHAIRMAN: No.

Mr. GREEN: If you are going to do that for every single amendment which is going to be proposed, we will be discussing this at great length, and furthermore, I submit that it is being unfair to the provinces to put them in that position.

This is a very touchy matter with the provinces. There is doubt in some of the provinces whether the dominion has any right to walk into this field.

Mr. Low: Hear, hear!

Mr. GREEN: We have to be careful not to stir up any further feeling. I think that the course which the committee decided upon last week was a correct course, namely, that we were going to hear witnesses.

The CHAIRMAN: Yes.

Mr. GREEN: And after we had heard the evidence both from the dominion and from the provinces, the committee would consider the bill section by section. And now you are changing that and are proposing to allow amendments to be moved to five or six different sections at this stage apparently only for the purpose of getting some new printing done.

The CHAIRMAN: If I might, as chairman, say a word, I have already an agreement with the officials of the province of Quebec who were going to

decide last week as to their position on the bill. When the minister made his statement I communicated personally with an official of the government of Quebec who said they would be delighted if they got the details as soon as possible to enable them to decide, in view of the different amendments which the government intend to propose. Today we are not approving anything.

Mr. GREEN: I have the floor.

The CHAIRMAN: Will you kindly sit down. You do not have the floor when the chairman is speaking. As long as I am the chairman I will try to act as best I can in fairness to everybody. In this committee the government has stated its intention of bringing certain amendments. We have the officials here today. Would it be practical to get their advice on the bill as it was or as it will be definitely proposed? I think it is a more intelligent approach for us to take the bill as it is proposed to be amended and have the officials talk to us on the bill as amended by the government, so that we will get the views on it as it will be amended. Why wait for the amendments to be brought in after the provinces have been brought here? If some of the provinces acted without the knowledge of these amendments they might reach one conclusion; with these amendments they might reach a different conclusion, because the amendments clarify the bill.

I do not think I am doing any wrong in letting the minister propose what the government would be ready to accept as amendments to the bill to clarify it to enable the provinces to make representations on the bill as it will be amended.

I think Mr. Croll's motion is in order.

Mr. GOODE: May I speak on a question of privilege. I would like to know, as a rank amateur, whether this has ever been done before. Is it the usual practice?

The CHAIRMAN: Whether it has been done before I do not know. That is of no importance at all in the study of the bill. There is nothing irregular in it whether it has been done by our grandfathers or not.

Mr. GOODE: It is important to me. It may not be important to you. I would like to know if this is a usual practice, only for my own information.

The CHAIRMAN: It is very hard for me. I have only been sitting on committees 15 years and I do not know what has happened all the time in such matters.

Mr. CANNON: Mr. Chairman, I was going to raise the same point as Mr. Green, but from another point of view. I would like an opinion as to whether this committee can carry an amendment to a clause of the Bill without carrying the clause itself. I have grave doubts if we can. I would suggest that the Bill be reprinted. I have no objection to that. But, I think we can have it reprinted without having this motion taken, because if we take a motion to amend this clause I doubt very much whether we can do that without carrying the clause itself.

The CHAIRMAN: We are not passing on the amendment. We have the amendments as proposed. We are not passing on any of the articles at all. We will do that only after the provinces have been heard.

Mr. CANNON: Mr. Chairman, I have the greatest respect for your opinion, but we have the officials of the department here and I would like them to give us their opinion.

The CHAIRMAN: We will see to that later.

Mr. FULTON: It seems to me this could be disposed of in a much simpler manner. You said that when the provinces come down here to discuss the bill, and when they are considering it back home, they should have the bill as it will

eventually exist. I am suggesting that we provide them with this mimeographed page of proposed amendments, which have been read to the committee and which already appear on the record of the committee's proceedings. And if there should be any doubt about it, or any thought that it would be inconvenient for the provinces to consider the bill as the government might eventually change it, then it could be solved by writing the provinces again now, sending them the bill as it is and sending them this sheet setting out these amendments which the government proposes to make.

Hon. Mr. LESAGE: Which the government proposes to accept.

Mr. FULTON: But the committee now is being asked in the terms of Mr. Croll's motion to move these amendments.

Mr. CROLL: No.

Mr. FULTON: Mr. Croll has moved that the bill be amended and that the bill be reprinted. It would be so much quicker and more economical to send this sheet out to the provincial governments.

The CHAIRMAN: The discussion could have been shortened if anyone had agreed to the proposal to print these suggested amendments so that we will be working on one paper. We have lost half an hour on these technicalities which have no importance.

Mr. FULTON: We may not be asked only to accept one set of suggested amendments. There is an amendment from the province of Saskatchewan, and some other members might say they would like to see how the bill would look with that amendment in it. My objection is to the motion that the committee approve the amendments.

The CHAIRMAN: The motion is not that the committee approve the amendments; it is that we reprint the bill with these amendments as proposed for the committee to deal with after the Easter recess when we have heard from all the provinces. It is only that it would be a more practical system. It is just to make it more practical so that the committee could ask questions, not on an item that has been proposed before, but on the item as the government has suggested it might be amended.

Mr. FULTON: Could you not say right here that we are going to ask Mr. Varcoe to discuss the bill on the basis of the government's proposed amendments which have not been printed in the bill? There is nothing to stop us asking Mr. Varcoe questions about this. There is no necessity to have the bill reprinted. It can only give rise to misunderstanding on the part of the provinces if they heard that the members of the committee, before the provinces have even been heard, have already committed themselves to approving the amendments.

The CHAIRMAN: The provinces have already received the letter informing them of the intention of the government to bring in these amendments and the only purpose of the proposal to print them was to make it a better working arrangement.

Mr. CROLL: I think this is what I said: "I move that the bill be reprinted with the following amendments." That is what I moved.

The CHAIRMAN: That is the question.

Mr. PEARKES: Mr. Chairman, we had these amendments handed to us on this piece of paper a few days ago. If it is the suggestion that every time some amendments be advanced that the bill is to be reprinted we would be reprinting after every single sitting. I understand that there is already a sub-amendment which has been suggested to these today. The paper I have says: "This Act be cited as the Interprovincial Rivers Act." Now the mover of this motion is suggesting it be called by a different title. It is suggested it be called the

International River Act which is different to the title I have on the one before me. Furthermore he is suggesting amendments to clause 5. I could not follow what it is. The minister did refer to that at a previous meeting and we have not got it in writing.

Hon. Mr. LESAGE: I proposed it at the following meeting.

Mr. PEARKES: I know, but we have not got it in writing. Surely we are not going to have this bill reprinted every time someone wants to amend it. After all, surely the steering committee agreed to hear, and you announced that we would hear, the evidence of the deputy minister of Justice and I hope that you will allow us to go ahead and hear the evidence.

The CHAIRMAN: I was hoping you would allow us to go ahead.

Mr. PEARKES: Let us hear the deputy minister before we start moving amendments to anything.

Mr. CRESTOHL: There seems to be a misunderstanding as to the status of Mr. Croll's amendment. As I understand it the motion was, in view of the fact that there are a number of proposed amendments, that the bill be reprinted for the convenience of the committee as a working paper. I do not agree with Mr. Pearkes that every time an amendment comes up that the bill should be reprinted. There are half a dozen now which may confuse the committee and the bill should be printed as a convenience to the committee.

The CHAIRMAN: I am told by the clerk of the committee in such matters when such occasions have arisen—and it has happened on other occasions although maybe there were more amendments than there are today—it was decided to have a reprinting made as a working paper for the committee.

But, gentlemen, is it important whether it is printed or not? If you do not want to have it printed then we will not print it.

Mr. CANNON: I had understood that Mr. Croll was moving the amendments. I could not agree to that at this stage, but if he is simply moving that the bill be reprinted I have no objection.

Mr. GREEN: There is a serious objection to this procedure, and with all respect to the clerk, I do not think the procedure has been followed before, certainly it has not been followed in my 20 years experience on committees.

The CHAIRMAN: We can order as many printings of the bills as we want. But, what do I care whether we reprint the bill or not. I thought it would make it a more practical arrangement.

Shall I call the question?

Mr. GREEN: If you are going to call the question we will have to have a debate on it.

The CHAIRMAN: Are we going to have a half hour of argument now as to whether we print it or not? Let us get ahead with it. If anybody has an objection to reprinting the bill, I don't care.

Mr. GOODE: What is Mr. Croll's position?

Mr. CROLL: Everybody else has interpreted my position and I am ready to accept everybody else's interpretation. I moved that the bill be reprinted with the proposed amendments and I read the amendments.

Mr. GOODE: Are you putting your motion to the chair?

Mr. CROLL: If you wish.

Mr. PEARKES: On a point of order, I suggest that is quite out of order because the decision was taken by the steering committee, and you informed us that the first business of this meeting would be to hear the evidence of the deputy minister. I suggest we proceed with that.

The CHAIRMAN: Yes, but it is always customary to read the clauses and the amendments.

If anybody feels this is such a question of importance let us ask for the question on it.

Mr. GREEN: If we are going to have the question we might as well have the debate.

The CHAIRMAN: All right, have a good time.

Mr. GREEN: Mr. Chairman, you are supposed to be impartial. If you are going to take a stand you had better get out of the chair and let somebody else take the chair.

The CHAIRMAN: It is the right of the chairman to speak as much as he wishes. I am not taking sides; I am just explaining my position. I allowed this because I thought it was going to be a better working arrangement.

Mr. GREEN: The question General Pearkes has raised is of great importance. These committees are carried on by cooperation and it was agreed by the steering committee and the members of the committee as a whole that there would be a hearing of evidence before we started doing anything about the sections. This plan of having a sort of half baked amendment to the Act is breaking that agreement and as such I am surprised at Mr. Croll insisting on having the question put. Here we will be in this situation that we will be handed a reprinted bill which will contain, say in clause 7, half of the original clause 7 and the other half will be what has been turned up as a proposal by the government. When we come to deal with that section it is a great deal more difficult to deal with an amendment then. Are we going to be amending the whole clause as it is printed or are we going to be amending the clause as it is sent to this committee from the House, or what are we going to do? It just means more confusion. This motion is highly irregular and a motion of a type which I do not believe has ever been put before a committee of this House. It is particularly damaging with respect to this bill because with this bill of all bills that have been before this parliament it is most important that there should be every precaution taken to have the provinces feel that nothing is being done behind their backs. Yet we have here a motion by a member which in effect is amending the bill at this stage, whether you call it just a reprinting or not; in effect this is forcing through a government amendment and it can be properly taken as that by the provinces. When the representative of the attorney general from British Columbia comes here he is put in this position that the bill as reprinted is the bill we are considering and he has every reason to believe that is the only bill that will be acceptable by the government. I cannot understand for the life of me why this attempt was made today to take an action of this kind. It is perfectly simple to go ahead and hear evidence by Mr. Varcoe on the bill as it was passed by the House and to hear his evidence on these proposed amendments.

The CHAIRMAN: When will they be proposed?

Mr. GREEN: You just keep still.

The CHAIRMAN: I am sorry, Mr. Green, I will speak when I wish. You say the witness will speak on the bill as it is and on which amendments; when will they be proposed?

Mr. GREEN: Witnesses can be cross-examined on these suggestions and these changes which are recommended by the government and as a result of the cross-examination on the suggestions the chances are Mr. Varcoe will recommend perhaps quite a few changes in these suggestions and he should be left in a position where he can recommend those changes, but this motion simply takes all those proposed changes and writes them into the bill and we go on from there.

Now I did suggest that our main purpose here today was to hear Mr. Varcoe. I hope that Mr. Croll will see fit to withdraw his motion and let

us get on with our job of hearing the evidence. There is a great deal more evidence to be heard yet and before we are through with it there may be fifteen or twenty additional suggestions to be printed. The practice is only to have the bill reprinted when the amendments have been adopted.

The CHAIRMAN: May I just answer one point. Mr. Green has said that the governments of the provinces may feel that we want to hurt them. But let me say that these suggested amendments from the government have already been brought to their attention in a letter. The purpose of reprinting is just to facilitate our work. The provinces have all been supplied with a copy of these proposed amendments already.

Mr. JUTRAS: Mr. Chairman, I wonder if that objection would not be met if the bill was reprinted with the suggested amendments printed on the blank page opposite the respective clauses? Would that not meet Mr. Green's objection? The whole thing would then be in the one bill.

The CHAIRMAN: That might be done.

Mr. HERRIDGE: I think it is a good suggestion which Mr. Jutras has proposed. I think a reprinting of the bill would be a convenience to the committee as well as a convenience to the provincial governments who must study it before they come here.

The CHAIRMAN: Shall we adopt the motion as amended by Mr. Jutras?

Mr. GREEN: If it is done in that way, Mr. Chairman, then it would have my agreement.

The CHAIRMAN: Very well. So the proposal of Mr. Croll as amended by Mr. Jutras and seconded by Mr. Herridge shall carry.

Now, on the short title, Mr. Varcoe is open for questioning.

By Mr. Byrne:

Q. In all this debate I have almost forgotten what I had in mind. This question might be considered frivolous, but for the purpose of the record I would like to say I am sure that the deputy minister would not have had any part in drawing the bill if he had not considered the provisions in the bill were coming strictly within the rights of the federal government as set out in the British North America Act, and that is: does the Act in any way infringe upon the rights and privileges allotted to the provinces?—A. My opinion is that this bill does not infringe upon the jurisdiction of the provincial legislatures.

Q. It does not in any way?—A. It does not in any way infringe upon the jurisdiction or the legislative power of the provinces.

By Mr. Croll:

Q. I think Mr. Byrne means this: "Is the bill intra vires of the dominion?" And your answer is "yes."—A. Yes.

Q. Should the committee not adjourn now.

Mr. BYRNE: That would mean that the provisions of the bill do declare international rivers to be to the advantage of Canada?

The WITNESS: No. The improvements of such rivers are subject to certain conditions.

Hon. Mr. LESAGE: Yes, they are subject to certain conditions.

By Mr. Diefenbaker:

Q. There is a reference in this letter from the province of Saskatchewan which you have seen. Do you think that in their present form the provisions of the bill would place these small dams and irrigation projects along international rivers within the purview of this Act, and therefore it would mean

that licences had to be taken?—A. I would refer you to two provisions in the bill. First of all, there is the provision in the definition of international river improvements which requires that the improvements should interfere with, alter, or affect the actual or potential use of the international river outside of Canada; and then in paragraph (b) in clause 2—and I would refer you to paragraph (d) of clause 3 which authorizes the governor in council to except any international river improvements from the operation of the Act.

I take it that some such exception would be made which would cover the type of work which is mentioned in the letter from Saskatchewan.

Q. Even without an exception being taken?—A. Yes, quite.

Q. Under number 3 (d)?—A. I would expect that.

Q. Even though there was no automatic exception?—A. Yes.

Q. And that 2 (b), subparagraphs 1 and 2, actually exclude small dams and irrigation projects even without that?—A. Yes.

The CHAIRMAN: Are there any further questions?

By Mr. Fulton:

Q. The consideration of the bill itself must relate to previous evidence which General McNaughton gave us. We heard considerable evidence from him regarding a proposal to divert the Columbia into the Fraser.—A. A diversion of the Columbia?

Q. Yes. Would it be your opinion that the right to make such a diversion would be within the competence of the dominion, or of the provincial authorities?—A. You mean quite apart from the bill altogether?

Q. Yes.—A. I know the possibility of it, but have we considered that? I would think that if parliament—for example, I am speaking somewhat off-hand about it because I did not give any consideration to it—but I would think that if parliament declared it was a work, that is, a work which diverted the stream, to be a work for the general advantage of Canada, I would think that would bring the undertaking within the exclusive jurisdiction of parliament.

The CHAIRMAN: Despite the wording of the British North America Act, and despite the Resources Transfer Agreement of 1930?

The WITNESS: I referred to paragraph C of subsection 10 of section 92 of the British North America Act.

The CHAIRMAN: Would you mind elaborating on that because I think it is a point which is most important. Mr. Fulton's question is most important at this stage.

By Mr. Fulton:

Q. I do not wish in any sense to appear to take you by surprise, Mr. Varcoe, or to put you under a wrong impression. But you will realize of course that the Fraser river lies entirely within the province of British Columbia, and that the Columbia river while it is in Canada lies entirely within the province of British Columbia. I want to have it clear that my question and your previous answer are given on that basis.—A. Which river is to be diverted?

Q. The Columbia, which is an international river under the definition, and which is to be diverted into the Fraser.

A great part of General McNaughton's evidence was based, I think it is fair to say, upon the tremendous advantages which would follow if there was no interference with the Columbia, so that the power to do that, the physical possibility of making that diversion was always within the competence of this country.

I am now asking you whether the actual carrying out of a diversion of one river within the province, the Columbia river, which, while it is in Canada, is exclusively within British Columbia, into another river, the Fraser, which is entirely within British Columbia, would come within dominion or provincial jurisdiction?—A. The minister would like to say something to me so if I may be permitted I would like to delay my reply for a moment.

Mr. CROLL: While Mr. Varcoe is being warned by the minister, might I warn the chair.

The CHAIRMAN: I do not like that word “warn”, but nevertheless proceed.

Mr. CROLL: Well then may I call the attention of the chair to the fact that Mr. Varcoe is here today to give us legal opinion on this bill. I think we are straying into dangerous waters when we get beyond this bill.

The CHAIRMAN: I would not be as strict as that. Any question which comes within the evidence that has been given by previous witnesses, according to my opinion, would be in order. So I have allowed Mr. Fulton's question, although it does not relate to the bill itself. It relates to a broader aspect of the question and to the previous evidence. I think the question is in order, and that the witness may be asked for his opinion on it.

The WITNESS: Probably the answer I can make is that this bill does not contemplate any such action as that. Although I have not given any consideration to the point, still I do not quite understand how General McNaughton came to give that evidence in discussing this bill, but I may be misunderstanding the reason why he did give it. I do not know.

The CHAIRMAN: General McNaughton gave evidence but not as to the power of the provinces or of the federal government. He gave evidence that it would be a good thing to do in order to conserve our interests or promote a bigger extension of electrical output to use that diversion. I think the question is related to that primarily.

Mr. FULTON: I appreciate it that Mr. Varcoe might prefer to take time to answer the question so I am happy to leave it with him for any additional explanation that he might wish to consider, without giving his answer at this time. But as I understood General McNaughton's evidence, one of the reasons he was in favour of this bill was that he was opposed to the Kaiser dam, because it would cut down, if not eliminate, the possibilities of this proposed diversion.

General McNaughton indicated that in his opinion it was most desirable that we should be at all times in a position to make the proposed diversion because of the tremendous power potentials that it would create.

Hon. Mr. LESAGE: He said “possible” diversion; he did not say “proposed” diversion.

Mr. FULTON: We do not want to quibble.

Hon. Mr. LESAGE: That makes quite a difference. He did not “propose” any diversion. It was a possible diversion that he mentioned.

By Mr. Fulton:

Q. I think he said a “suggested” diversion; and he stressed the importance of it. Certainly the effect of General McNaughton's evidence—at least to my mind—was to suggest that this bill is desirable in large part because it will enable the position to be preserved, so that diversion might become a reality. I think that has a real bearing on this point, and it was for that reason I asked my question.—A. I would like to look at General McNaughton's evidence to see exactly what he might have said about the diversion. Did he mean the development of the whole river?

Q. No. He referred to 15 million acre feet of water which he said would be surplus; but perhaps I had better not try to interpret the General's evidence.

The CHAIRMAN: During his evidence, General McNaughton was asked whether he thought it was within the provincial or the federal authority, and he said "I think it is within the provincial authority entirely".

But I think we should give Mr. Varcoe an opportunity to look into the question and to bring us a memorandum on it at another meeting.

Hon. Mr. LESAGE: What exactly was your question? Was it to know if these works would have to be licensed? The answer is obviously yes.

Mr. FULTON: It was also to know whether the authority to make the work, that is, to order it was within the competence of the province or the federal authority.

Hon. Mr. LESAGE: That would be within provincial competence. Such a power would not be given to the federal government under this bill. It would be under another bill in which the government of Canada would declare such a works to be to the general advantage of Canada. That would have to be in another Bill, not under this Bill. But according to the amendment I have suggested the rights of the provinces are all saved.

Mr. FULTON: Do I understand that it is your legal opinion,—and I think it confirms what the General said—that if parliament declares such a work to be to the general advantage of Canada, they could order it to be carried out?

Hon. Mr. LESAGE: This Act cannot give us permission to do the work.

By Mr. Fulton:

Q. I did not ask that question. But if Mr. Varcoe prefers to bring in a full answer later, that would be quite acceptable.—A. I am not sure that I understand exactly what your question is even yet, Mr. Fulton. Is it whether parliament could compel the diversion of that river?

Q. Whether the dominion authorities could.—A. Under legislation to be drafted?

Q. If your answer is that it would require further legislation, then I am prepared to accept it.—A. There is nothing in this bill which would enable the authorities administering it to take steps to compel some person to set about the job of diverting that river.

Q. Is there anything at the present time which would enable the dominion authorities to construct a diversion works themselves?—A. No.

Q. Your answer would be that it does require further legislation?—A. Yes, it would, if that was deemed to be a constitutional measure.

Q. I gather that before expressing an opinion as to whether the dominion would have to enact such legislation, you would prefer to consider the matter further?—A. Yes, sir, that is correct.

Q. I put the question to you for answering at a later time.

Hon. Mr. LESAGE: It is a hypothetical question, because the legislation it would depend upon in the future would be a matter of government policy.

Mr. FULTON: The chairman understands my question.

The CHAIRMAN: Yes.

Mr. FULTON: General McNaughton has stated that a great deal of advantage might follow from such a diversion. My question is: could such a diversion be made, or ordered, by the present government?

The CHAIRMAN: You mean the federal authorities?

Mr. FULTON: And Mr. Varcoe said: "no, not without further legislation."

My question following that would be: "Would it be within the competence of the dominion parliament to enact such legislation?" That is the question.

The CHAIRMAN: A transcript of today's evidence will be given to Mr. Varcoe so that he can study your proposal at length.

Mr. FULTON: I do not want to monopolize the time of the committee, Mr. Chairman, but I have some more questions.

Mr. BARNETT: Mr. Chairman, one question occurs to me. Would it not be possible under this Act, for the authorities administering this act to require, as a prior condition to the issuing of a license for the construction of possible works in that river system, that as part of the condition they would require that such works as were mentioned by the member for Kamloops be made? To me that is perhaps the most relevant aspect of his question in respect to this bill?

The WITNESS: Yes. I think that is really part and parcel of Mr. Fulton's question, and I would like to think about it for a little while before I make any reply.

Mr. BARNETT: The reason I ask it is that if the matter is going to be considered and an answer brought in, I would like that aspect of the matter to be considered at the same time.

Mr. STICK: Following upon Mr. Fulton's questions and Mr. Barnett's question, I would like to be convinced and to have Mr. Varcoe take into consideration the fact that this Act does not contravene in any way a treaty signed between us and the United States. Mr. Fulton's question deals with international waters and the diversion of those waters from the Columbia, which is an international water into a purely provincial river, the Fraser. So I think that aspect of it should be taken into consideration by Mr. Varcoe before he makes his answer.

The WITNESS: Yes. Thank you.

Hon. Mr. LESAGE: The law officers of the Department of External Affairs will be here.

The WITNESS: Let us relate it to this question.

Mr. STICK: I suggest that my question should be taken into consideration as well.

The WITNESS: I am very much obliged.

By Mr. Pearkes:

Q. Prior to the introduction of this legislation, has the provincial government the right to make a deal with a United States agency, either federal, provincial, or a private corporation for the export of any water, or to construct any improvement on an international river which would affect the flow of the water?—A. That is a pretty difficult question to answer, as to whether a province has power to do that. I have not got any project before me that I could examine.

Q. Let us take this question of the deal made between the government of British Columbia and the Kaiser Aluminum Company if you want a particular item?—A. A question would arise—I am trying to be careful about this—as to whether the provincial legislature has authority to interfere with the flow of a river which flows into the United States of America and which would interfere with that river in such a way as to increase or decrease or alter the natural flow of the river. I am quoting from this bill. I do not know under what authority a province could rely so as to pass a law which would affect civil rights of persons outside the province. I should think that it is doubtful if the province could do it.

Q. Even though the province was prepared to recompense the downstream operators, people living downstream? Because, after all, I gathered from the

evidence given by General McNaughton that the United States had agreed to Canada making any improvement in Canada on any waters flowing across the international boundary on the understanding that anybody in the United States who suffers as an effect of those improvements would be recompensed. I am asking whether, until this legislation is passed, if a provincial government could not go ahead and make the same improvements on the same understanding?—A. I repeat, in answer to the hon. member's question, that if the effect of this provincial legislation is to affect property rights outside the province in question then it is doubtful in my mind whether the province could validate such a law.

Q. May I ask then whether that would not apply to this particular Act, in that if this Act is going to require the federal government to issue permits on improvements which will affect the downstream residents, whether there is the legal authority for that? What is the difference between the federal government doing it and a provincial government doing it?—A. Because the legislature of a province is confined to dealing with matters within the province, property or civil rights and proposed works within the province, whereas the federal government is not subject to any such limitation.

Mr. CRESTOHL: General McNaughton was careful not to give any legal opinions, as you will recall, but right through his evidence he kept repeating that these rights have never yet been established before a court of law.

The WITNESS: What rights?

Mr. CRESTOHL: The various rights which the various parties want to preserve, both provincial and federal. He said there were no test cases. I am wondering whether all these legal problems which are being put to you now, or which members from the various provinces might anticipate, could not be formed in some test case and submitted to the Exchequer Court or to the Supreme Court of Canada for a final opinion.

The WITNESS: I suppose such a thing could be done if it were seen fit to do it.

Mr. CROLL: There is no question in Mr. Varcoe's mind?

The WITNESS: No.

Mr. CROLL: I would like it to appear on the record that Mr. Varcoe said that there is no question about this in his mind.

By Mr. Fulton:

Q. Do you not think that if this bill goes through that will be done?—A. Do you mean that there will be a reference to the Supreme Court of Canada?

Q. Yes—A. I am only speaking for myself. I have no doubt that if others come along and express opinions very strongly contrary to what I have expressed—I have no claim to being infallible about this sort of thing—the government might say we will recognize the possibility that the Deputy Minister of Justice is wrong and we will refer the matter to the Supreme Court. That might be done.

Q. I was thinking rather on the basis of some of the letters we have had in reply from the provincial governments. It would seem to me extremely likely that if the bill is passed it will go before the Supreme Court of Canada.—A. I would not be surprised.

Q. And I was wondering, therefore, whether your department has prepared anything in the nature of a brief or memorandum of which you might give the committee the benefit.

The CHAIRMAN: That might be anticipating the fight which has not been brought yet.

The WITNESS: Several memoranda have been prepared from time to time as this bill has been under discussion or as it has been drafted. We have prepared nothing of a nature that could be distributed at the present time.

By Mr. Fulton:

Q. May I ask you another question. Mr. Diefenbaker referred to the submission made by the province of Saskatchewan. Let me bring it down to a specific case which it seems to me might well arise in the province of British Columbia. I think particularly of a river which is not in controversy at the moment, the Okanagan river which flows out of Okanagan lake and crosses the boundary into the state of Washington. As you probably know the Okanagan lake and the waters of that whole system are extensively used for irrigation purposes in Canada in the province of British Columbia. My question is this. If a community incorporates as an irrigation district and then wishes to take water out of the Okanagan lake to the extent of several thousand or hundred thousand acre feet, for the purpose of that irrigation, would they, if this bill passes, have to apply to the federal government for a licence?—A. I am not as familiar with the geography of British Columbia as I should be, but am I to understand that this work would be a work constructed within the province of British Columbia?

Q. Yes.—A. Which would take out of a stream, which flows into the United States, a quantity of water for irrigation purposes?

Q. Yes?—A. I think you have just to look at the Act. Such a work would surely decrease the natural flow of the international river or interfere with or alter or affect the actual or potential use of the river outside of Canada.

Q. Then it would be your opinion that a licence would be required under this Act?—A. Yes.

Q. The case I put was with respect to a future development. What would be the situation with respect to the irrigation projects which are already in existence? Will they have to come now and get a licence under the Act?—A. Clause 4 says: "No person shall construct, operate or maintain an international river improvement unless he holds a valid licence therefor issued under the Bill."

Q. That would refer to schemes already in existence as well as schemes constructed in the future?—A. Yes.

Q. You realize, Mr. Varcoe, that up to the present these water districts have only been required to get a licence from the provincial government under the Provincial Water Act?—A. I did not know it, but I would assume that that was the case.

Q. Now do you see any possibility of amending section 2, the Definition Act, to such an effect that the necessity of applying for a licence in Ottawa might be eliminated? I am thinking of the words in subsection (b) "International river improvement means a dam obstruction canal, reservoir or other work the purpose or effect of which is", and subparagraph (ii) "to interfere with, alter or affect the actual or potential use of the international river outside of Canada." Such an irrigation scheme would, I submit, not have for its purpose the interfering with the flow across the border, but it would in fact lower the level of the lake and would thus have some effect, even though slight on the flow of the river. Is there in your view any possibility of amending the definition in such a way that those schemes would not have to come here for a licence?—A. My understanding is that paragraph (d) of clause 3 was inserted for the very purpose of taking care of any such case as you cite, provided of course that the Governor in Council agreed with you that that should be done.

Q. In other words, both future proposed schemes of this sort and those presently operating would be required to make an application to the Governor in Council here to except their works from the operation of this Act?—A. I do not say it would be necessary to make application. That would be a good thing to do if the government did not take some step to protect that type of work.

Q. This gives the government here power to require an application for an exception so that an order could be given excepting them from the operation of the Act?—A. Yes.

Q. May I ask you this, Mr Varcoe. I don't want to ask questions which are improper for you to answer, but I think it is important we should know. Was that situation, the one to which I have referred, in your contemplation, or in the contemplation of the department, when it drafted that bill or was that situation before you?—A. The situation you referred to?

Q. With respect to these irrigation projects; or, take a community such as Kelowna which might be faced with the necessity of enlarging its domestic water system which also comes out of the Okanagan system. Were those possibilities suggested when the bill was drafted?—A. I was not a member of the departmental committee which prepared the policy instructions, so I cannot say whether that particular situation was before the committee or before the departmental officers, but I do know it was recognized at all times that in this country there might be cases in various parts of the country which would call for a provision whereby they would be excepted. I do not know that the particular places which you have in mind were mentioned. They were not mentioned to me, but it may be that the departmental committee did have that particular situation before them; I could not say.

Hon. Mr. LESAGE: This is a question of government policy, and the policy which was decided upon is that there are such cases and that is the reason why this exception section should be in. Those people will not necessarily have to apply for the exception because in a lot of cases it will be done *proprio motu*.

Mr. FULTON: The minister's statement would be confirmation of the fact that the possibility of future projects and the existence of present projects which I have mentioned was in the mind of the government when the bill was drafted?

Hon. Mr. LESAGE: Yes, and I can assure the committee the intention of the government is if there is existing now a system of irrigation which has been working for years surely the government will not wait for an application for an exemption or licence. It will be exempted or licensed.

Mr. FULTON: The government deliberately took a power under this bill which gives them control over these projects?

Hon. Mr. LESAGE: It is not possible to except generally because some cases might have an effect of regulating the flow to the extent of giving downstream benefits on the other side of the border and we have to keep a certain control on that. That is the reason for the bill.

By Mr. Green:

Q. Following up Mr. Fulton's question, is this the first legislation under which the dominion has exercised jurisdiction over these so-called international rivers?—A. This bill does not take any proprietary interest. It is the Crown in the right of the province of British Columbia, as I understand the water rights. That is not taken away by this bill.

Q. But by the bill you propose to take a licensing control over all these works on the international rivers?—A. Yes.

Q. Has that been done under any other dominion legislation or are you in a new field?—A. I do not recall any right now. I would not like to say there has never been any such legislation.

Q. This licensing control over improvements would apply to improvements on the river which crosses the boundary and also to all its tributaries?—A. Yes, I should think so.

Q. Mr. Fulton dealt with the question of irrigation which is of course the lifeblood of the whole Okanagan valley. Then, there is also the question of these dams which General McNaughton has in mind, for example, the dam at Mica creek and at Bull river in the east Kootenay and so on. You spoke of the effect of this legislation and that for works on any of the waters that eventually may get into an international river there must be a dominion licence.

Hon. Mr. LESAGE: If the works affect the use of the flow outside of Canada.

The WITNESS: If it means the words stated in sub-paragraphs (i) and (ii) of paragraph (b) of clause 2.

By Mr. Green:

Q. So that the intent of the legislation today is that any works on any part of this river system must be subject to a licensing control by the government?—A. The work, to fall within the definition, must have the effect prescribed in paragraph (b) of clause 2.

Q. You say that the work must increase, decrease or alter the natural flow, and it must interfere with, alter or affect the actual or potential use outside Canada. How is that test to be applied?—A. Well, possibly in the long run in a court of law. I do not know. In most cases I should think it would be quite obvious that such an effect was produced.

Q. Well, for example, some of these proposed projects are hundreds of miles away from the border, yet I suppose the erection of a plant there is bound to interfere with the flow of the river in the river system.—A. I presume that persons such as General McNaughton qualified in that field would have no doubt whatever about this work or about that work. They would know at once whether that particular dam produced the result and it would not be a matter of debate, I should think, in any case.

Q. Would it not be possible to word this definition section in such a way that you only take control over the works which are nearer the boundary or are certainly directly and very seriously interfering with the water going over the boundary?—A. Well, you can always find different ways of drafting a definition.

The people who drafted this one thought they had achieved that purpose because they said that the effect must be to increase or decrease the flow of international rivers, or to interfere, alter, or affect the actual or potential use outside of Canada.

They thought that was as far as they could go in making it clear that they were interested only in those works which would actually have such an effect.

Mr. GREEN: This question of whether a work, does or does not have an actual effect on the water flowing over the boundary? Is it not that which makes all the trouble?

Hon. Mr. LESAGE: It is very easy to determine.

Mr. GREEN: If it is going to mean works on every tributary of the Columbia river as well as on the main Columbia itself, then that is a very

very drastic interference with all kinds of rights of people in British Columbia as well as of the government of British Columbia. On the other hand, if it is only designed to give control over a dam near the boundary, such as the Kaiser dam, then it is an entirely different matter.

The CHAIRMAN: It might be far from the boundary, and yet affect the flow just the same.

By Mr. Green:

Q. Is there not some better way in which to define the purpose of the bill so that we would not make every irrigation ditch in the south-central part of British Columbia subject to licensing control from Ottawa?—A. I would refer you to paragraph (d) of clause 3. That was the very type of thing for which this “excepting” provision was put in.

Q. You stress the matter of getting an exception. Does that not mean that the dominion government is proposing to step in and take control of all those works and then either by grace or by guess or something make an exception of certain works?

Hon. Mr. LESAGE: I think that is a question of policy rather than a question of legal interpretation. The purpose of the bill is to give to the government of Canada the power to license any works on an international river or its tributaries which will alter the flow on the other side of the border. The distance from the border is of no importance at all in this case; because you might have a dam which is 100 miles or hundreds of miles inside the boundary, yet which would have a much more important effect on the flow and use of the water outside that boundary in the United States.

For instance, take the case of the Columbia. Take this proposed dam at the Arrow lakes and take the Mica dam possibility. This last one would have a much more important effect on the flow of waters beyond the boundary than the Arrow dam would have; and at the same time Mica creek is much further from the boundary than the Arrow lakes dam would be.

But you cannot judge the effect of the control of water on the other side of the boundary by the distance of the works from the boundary. That has nothing to do with it at all. It is not the possibilities of the reservoir that is the test. That is why the only possible wording—if we are to reach the objective of this bill—is the one which is in it now.

Now the test as to the alteration of the flow at the border and the possible use, or the alteration of the possible use in the United States is a very easy matter to determine. It is easy for the water resources engineers to measure the difference in the flow at the border at any time of the year. It can be done at any time. And as to the possible increase of beneficial use in the States, it is easy to ascertain if additional power can be obtained to meet some needs of the power plants in the States such as the Grand Coulee and all the others, and at possible power sites in the States; and it is possible to make sure of the amount of flow which would go into the States that could “firm up” the power. And for the water resources engineers it is a very easy matter. There is no difficulty at all.

The purpose of the bill is not to take control of the whole of the basin of any river in Canada. The purpose of the bill is to see to it that the water resources of Canada are used first for Canada, and second, to see that they are not given away for nothing. That is a question of policy. It is not a legal matter.

The CHAIRMAN: Mr. Green, I would like to accommodate the other members of the committee. Three or four have asked for the floor and you have had it for sometime. You could keep on for a full day and I would not mind, but I feel that I must accommodate other members as well.

Mr. GREEN: Surely I ought to be allowed to finish my question, Mr. Chairman.

The CHAIRMAN: But I have other members who have asked for the floor. I do not want one member to monopolize the whole time.

Mr. GREEN: I am not trying to monopolize it.

The CHAIRMAN: Well, I withdraw that word. I want to give a chance to the others.

Mr. GREEN: Nobody else seemed to have any questions.

Mr. GOODE: Mr. Green knew that I had a question I wanted to ask. He has had the floor already for almost fourteen minutes.

The CHAIRMAN: I think, Mr. Green, we ought to be reasonable. We will be sitting again tomorrow. I have on my list Mr. Byrne, Mr. Goode, and Mr. Low.

Mr. GREEN: Well, Mr. Chairman, the minister made a statement when I asked a question of the Deputy Minister of Justice. So I would like to pursue my question with the minister. Are we to take it, from your statement, that the authorities who will decide whether or not these works affect the flow of water over the boundary will be the water resources engineers of your department, or of some other department of the dominion government.

Hon. Mr. LESAGE: That is right; but it is a question of fact, not a question of guessing.

Mr. GREEN: The questions of fact will be decided by your water resources engineers?

Hon. Mr. LESAGE: You do not decide on facts. Either the fact is there or it is not.

Mr. FULTON: But until there is an application, there are no works, so you have to assess the effect of the application.

Hon. Mr. LESAGE: The calculations can be made by the water resources engineers.

By Mr. Goode:

Q. Regardless of where the dam is, whether it be fifteen miles or two hundred miles from the border, and regardless of who is competent to build this dam, who would pay compensation should compensation have to be paid on the other side of the border? Would it be the provincial government, or would it be the federal government?—A. Are you referring to a case where a licence be issued under this Bill?

Q. If there is water flowing across the border which causes an action for damages in the United States, who would pay those damages? Would it be the federal government or the provincial government of British Columbia?—A. In what case? Do you mean a case where a licence is issued under this Bill?

Q. Yes. I can say that. You are a lawyer. I am not. Let me put this to you: I can see an amount of water crossing the border which will cause damage in the United States through some of these buildings, at some particular dam whether it be five hundred miles or fifty miles from the border. Then an action will be taken for damages. Then damages would be awarded in the United States court. Who would pay those damages? I am not a lawyer.

Hon. Mr. LESAGE: According to my understanding of article 2 of this treaty the competent jurisdiction would lie in the Exchequer Court of Canada. It would not lie in the American courts.

Mr. GOODE: Who would pay the damages?

Hon. Mr. LESAGE: The one who built the works which caused the damages.

The CHAIRMAN: Now, Mr. Byrne.

By Mr. Byrne:

Q. There seems to be a little confusion. There certainly is confusion in my mind as to where the line would be drawn. After all there may be a farmer who has a few acres of land, and he does divert a few cubic feet of water daily. No matter how minute the quantity is, it will affect the amount of water crossing the border, if that water is not returned. Usually it is not returned in the case of irrigation. That is one point, it seems to me, that the people in Saskatchewan and British Columbia are worried about. Everyone of them believes that he will have to come to Ottawa for a permit.—A. It is not a question of getting a permit. It is a question of getting that work excepted from the operation of this Bill by action of our government. How that would work out in practice, I do not know. I would expect that some sort of general order would be made which would do it.

Q. I think that General McNaughton said there would be larger tributaries.

Hon. Mr. LESAGE: I shall provide the committee with a statement of what we intend to do in the way of regulations; and when I make that statement I will have with me the proper officers of my department who are the ones to answer the kind of question which has been asked about irrigation.

Mr. BYRNE: For the information of the committee, when can we anticipate some of the regulations.

Hon. Mr. LESAGE: They will be given, but it is not my turn yet.

By Mr. Byrne:

Q. My second question, referring to it by number here, refers to one which was asked earlier and which confused me a little. Is this bill based on the presumption that a cutting down now of a river in Canada, affecting in any measure the economics of the river or the economy of another country, is in fact to the advantage of all Canada? That is, is the bill based on section 92 subsection 10, and paragraph C of the British North America Act?—A. That is right.

(c) Such Works as, although wholly situate within the Province, are before or after their Execution declared by the Parliament of Canada to be for the general Advantage of Canada or for the Advantage of Two or more of the Provinces.

We have had General McNaughton here and we realize there is a tremendous development which may take place there. I believe that the majority of the committee feel that anything we do with this river may dissipate this great development, or that any work which might be undertaken would inhibit that development. So we have decided that it is to be for the general advantage of Canada that anything be done.

On the other hand it has been said that if we decide or if someone decides that water should be diverted that is, from the Columbia to the Fraser, it would be done under this section, and that it would be declared to be for the general advantage of Canada, and the work proceeded with.

On the other hand, one of those rivers is not an international river. It is definitely inside of Canada, and if that is the case, and it is included under this section, then I cannot see why we need a second Act.—A. Mr. Fulton qualified his question by introducing the element of compulsion, that parliament, or some authority would compel the diversion of the Columbia river into the Fraser or some part of it.

By Mr. Fulton:

Q. No, please! My initial question was whether the dominion authorities had the right, either by themselves or by requiring somebody else; whether the dominion authorities had the right to do it.—A. That is right.

Q. Either themselves or by compelling someone else.

Mr. BYRNE: May we have your answer?

The WITNESS: I think when I answer Mr. Fulton's question at a later date my answer might satisfy you too.

The CHAIRMAN: At the same time you might introduce into the proceedings Mr. Byrne's question, and if it does not fit in with the other one, you might have an answer for it too.

Mr. BYRNE: I do not want to anticipate some argument which may come up later. But suppose that a project is anticipated by the provincial government or by an individual, and he applies to Ottawa to take certain action on the river but we have determined that that action shall not be taken because it inhibits some great development. They in effect have suddenly refused these developments and he is certainly going to force something on the provincial government or someone, or otherwise no developments would take place. That is what I cannot get quite clear. I am in complete agreement that no works should be anticipated or take place until the greater development has been fully explored to see if it can be done, but there is no excuse in saying they cannot go ahead with any project because of the greater one. We may have a vacuum there.

By Mr. Low:

Q. I had a question which followed on something Mr. Green started to ask. Perhaps he had this in mind, I do not know. I rather hesitate to enter into these fine points of law because I am not a lawyer, but there does seem to me to be a peculiar principle involved here. I wanted to ask Mr. Varcoe if he thought this was a good law?—A. Do you mean valid law?

Q. Valid or—A. Good from the standpoint of policy?

Q. No.—A. I do not know any other tests.

The law is good. You might say the law is good if it is a valid law, or a law is good because the policy behind it is good. Those are two quite separate things. I do not know which you might have in mind.

Q. We will make it clear by referring to a specific case and we will assume that my question means valid. If we enact clause 9 into law parliament is declaring that all improvements or works on these defined rivers are works for the general advantage of Canada. Then, we are asked to turn right around and under clause 3 give the Governor in Council the right to set aside that declaration. There is difficulty imposed here because under clause 9 you make no exceptions whatsoever.

Hon. Mr. LESAGE: The words "not excepted" are there.

Mr. Low: You cannot except anything until it has been declared. This is all inclusive, section 9. You have to start from that position.

Hon. Mr. LESAGE: No.

By Mr. Low:

Q. Where would you start then? You have to start from that position declaring that every single work in these international rivers is a work for the government of Canada and then following that the Governor in Council sits down with the powers under section 3 and begins to set aside declarations that had been made by the parliament of Canada. I would like to know if that is good law?—A. Well, I think it is. I mean that was the very point we had in mind when we put those words in: "and not excepted" and

so on. I am not going to claim infallibility about these things, but I am surprised that a layman should have picked up this point. It is very commendable, I think, because that point did give me some concern and this is the way we attempted to meet the difficulty. As I say I think it is good.

Q. What made me think of it, Mr. Chairman, was this: that by enacting clause 9 into this Bill this parliament is giving to the government very wide powers that might be used to interfere with purely provincial matters. Now, that being the case, it seemed to me as being the wrong principle at the same time to give them a right by Order in Council to set aside what they want to set aside and leave in force that which they want to leave in force. I do not think that principle of law is good. That is only a layman's point of view certainly. I would like to have Mr. Varcoe's view.—A. One should bear in mind in this connection, I think, that there is a double-barrelled aspect to this bill. In the first place you have the definition which limits the application of the bill to those works which interfere with the flow of water over the boundary. As I indicated earlier in my evidence it has been my view from the beginning that that kind of work would be outside the jurisdiction of the legislature of the province because such a work would affect civil rights, property rights, and so on, outside the province in question. That is one of the basic concepts from a constitutional point of view behind this bill. Then, on the other hand, we make this clause 9, the declaration contained there, and we say now we will give it that basis too for greater certainty.

Q. If I may finish this—if you refer, Mr. Varcoe, to the proposals which emanated from Regina you will see that the minister in that province pointed out that there are certain works in Saskatchewan which would clearly come under the definition you have in the bill but which are nothing but the assertion of riparian rights. So that there are certain things involved in the application of the bill as it now stands before us which could very easily interfere with things that the provinces consider completely to be within their own jurisdiction. I point that out.—A. If the work has no effect outside the province of Saskatchewan then it is within the exclusive jurisdiction of the province.

Q. At the same time I point out that one of those works is for irrigation purposes in Saskatchewan which might easily interfere with the flow of water across the border.

Hon. Mr. LESAGE: If it does the amendment proposed by Saskatchewan would be useless. The proposed amendment by Saskatchewan would not have any effect, would not help at all, if the use of the water or the building of works in Canada would have an effect on the use of water outside of Canada.

Mr. Low: I do think, Mr. Chairman, that there is a very important principle of law involved in that matter and I would like to see it explained much further.

By Mr. Stick:

Q. We are getting now to the question of provincial and federal rights. In your opinion does this Act in any way interfere with provincial rights under the British North America Act?—A. I do not know what you mean by interfere with. Certainly the declaration contained in clause 9, taken by itself, has the effect of bringing within the jurisdiction of parliament something that might otherwise be within the jurisdiction of the provinces.

Q. Does it take away any of the rights?—A. For example, you may know that in the Canada Grain Act there is a declaration that all elevators are works for the general advantage of Canada. That declaration was made many years ago to resolve any doubt as to whether parliament could regulate the operation

of those elevators in connection with the grain trade. Now, presumably if that declaration had not been made then those elevators would be within the jurisdiction of the legislatures. But item 10 of section 92 expressly invested in parliament the authority to make such a declaration so that when you speak of interfering with provincial rights you are not I take it suggesting or asking the question whether parliament is exceeding its rights in doing that.

Q. That was the basis of my question. What is your opinion on that, on this bill?—A. This bill is constitutional in my opinion.

By Mr. Fulton:

Q. Mr. Chairman, I wonder if in considering the answers to the questions which I asked about the Columbia diversion if Mr. Varcoe would consider it in the light of clause 9 of this bill and the comments just made by Mr. Low, because I do recall at one stage you said that you did not think that the dominion authorities would have any rights over such a diversion—any right to make it themselves—in the absence of further legislation?—A. There are so many ways in which compulsion can be exercised.

Q. I would like to narrow this down, leaving out compulsion. First, does the dominion government or does it not have the right, if this bill passes, to construct either themselves or through an agent, the Columbia diversion in the absence of further legislation? That is question 1. Two—if this bill passes and you think it does not give them that right so that further legislation would be required if it is desired to do so, is it within the competence of the dominion parliament now to enact such legislation?—A. Yes. I am much obliged for your explanation of your question.

Q. Going back to the question of whether or not irrigation schemes incorporated under the Provincial Water Act would be required to come down here and get a licence, when I was speaking earlier I should have used the word "irrigation district" which is the definition under our Provincial Water Act. You have said that such schemes as I was describing did come within the purview of this bill and therefore either require a licence or would have to be excepted under clause 3. Now, it will be within your knowledge, I am sure, and if it is not I think the committee can take my word as being accurate that there are many hundreds if not thousands of such irrigation districts under the Provincial Water Act as well as, of course, the communities which take their domestic water supply such as the city of Kelowna and I believe the city of Penticton either from the Okanagan lake or river or tributary streams. This is going to present a very real problem. They have on the one hand to obtain the licence conferred under the Provincial Water Act and now we are going to require a licence or exception under this Bill. Have there been any discussions between your office and the British Columbia authorities as to the implications of this matter?—A. How this dual licensing system will operate?

Q. Yes, and what will be necessary to obtain an exception under Bill 3? —A. I have had no discussions with the law officers of the provincial government.

Q. May I ask the minister if his officers had any discussion with the law officers of British Columbia on that question.

Hon. Mr. LESAGE: On the systems which already exist?

Mr. FULTON: Yes.

Hon. Mr. LESAGE: There will not be trouble there. We are not going to upset the existing systems.

Mr. FULTON: But you said they will either have to be excepted under this Act or will have to obtain a licence?

Hon. Mr. LESAGE: I said as far as existing works are concerned they might be granted licences or excepted "proprio motue".

Mr. FULTON: How are you going to do that. It seems to me that you have got to have some knowledge of how water licences are issued in British Columbia. You might find out if your officials had any discussion with the law officers of British Columbia on that point.

Hon. Mr. LESAGE: Our water resources officers do know what the works are which affect the use and flow outside of Canada. A number do not affect the use and flow outside of Canada—and that is the case with most of the water supply works. For instance, in Kelowna I am sure that the use of the water at that point does not affect the flow of the water outside Canada. The sewage is returned to the lake, so it does not affect it. But let us not forget that what the test is is the effect on the flow which alters the use of the flow outside of Canada.

Mr. FULTON: I think it goes further than that. I think that "to interfere with, alter or affect the actual or potential use of the international river . . .". The words "potential use" are the difficult ones.

Hon. Mr. LESAGE: The potential use, if it is a work that is already existing.

Mr. FULTON: We have to look to the words themselves to determine the meaning of it, and while it may be said to be stretching it almost to the point of absurdity, I am concerned because I believe it is going to affect every irrigation or domestic water project because the lowering of the level of Okanagan lake by so much as an inch alters the potential use of the river across the border.

Hon. Mr. LESAGE: No. If it is a fraction of an inch it cannot affect the use of the water outside of Canada. And may I say that in the administration of the Act the intention is to be very reasonable. After all, the intention of the government in proposing this bill is well known.

Mr. FULTON: I grant you that!

Hon. Mr. LESAGE: I have already said that this bill is not proposed to create difficulties. Its purpose is to protect our Canadian heritage.

Mr. FULTON: But in interpreting the effect of a statute, the intent of the government behind it is not looked at by the courts. It is the meaning of the words in the act which the courts will look to. I wonder, therefore, in the light of what the minister said a moment ago, if his departmental officials know those schemes presently in existence which, in their view, do affect the flow of water across the boundary. Do they have a list of such schemes, and could we be given such a list so that we will know what irrigation districts will be required to get a licence, or be excepted from the operation of the Act?

Hon. Mr. LESAGE: The water resources engineers of my department know the whole problem. They have been working with the provinces over a number of years in measuring the flow of rivers in Canada and they are in a position to give the government the answer and complete information.

Mr. FULTON: Will it be possible to give this committee such a list?

Hon. Mr. LESAGE: I do not know. Mr. Patterson is the head of the water resources division of my department and he is presently in Montreal advising the International Joint Commission on the level of lake Ontario. He will be back tomorrow and I will direct your question to his attention and he will see what he can do. He will be a witness, and if any questions are put to the officials of my department when they are here as witnesses. I would like

to assure the committee and Mr. Fulton, that we want to be most reasonable on this bill. The only thing is that we want to carry out the intention of the government.

The CHAIRMAN: After we have finished with Mr. Varcoe, we will have the minister and a number of officials from his department. We can ask them with respect to the regulations and with respect to their opinions as to the effect of the bill upon actual existing works. That will be the time when such questions should be asked.

Mr. HERRIDGE: This would be beating the gun.

Mr. FULTON: I see that it is 5:30 now.

The CHAIRMAN: Mr. Varcoe will be back tomorrow morning at 11:00 o'clock.

Hon. Mr. LESAGE: Mr. Chairman, would you like to have the officers of the Department of External Affairs here tomorrow, or would you like to have the officers of my department?

The CHAIRMAN: I think we will carry on with Mr. Varcoe.

Hon. Mr. LESAGE: It might not take all morning.

The CHAIRMAN: After Mr. Varcoe is through tomorrow morning if he does not take all morning could we have the officers of the Department of External Affairs?

Hon. Mr. LESAGE: There were some questions about the legal interpretation of the 1909 treaty, and I wonder if it is the wish of the committee that some officers of the Department of External Affairs should be here tomorrow.

Mr. GREEN: I think it might be better to have your water resources people here.

Mr. HERRIDGE: I think it would be much better to conclude the legal aspect of the bill.

The CHAIRMAN: We have had the legal advisors from the department of Justice before us and I think we should have the legal advisors from the Department of External Affairs to continue that phase.

Canada. External Affairs, Standing
Committee on 1955

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Second Session—Twenty-second Parliament

1955

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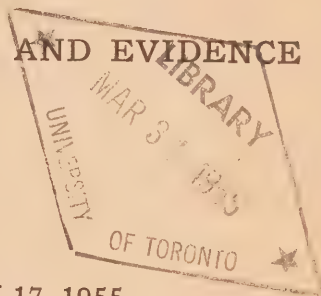
ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5



THURSDAY, MARCH 17, 1955

Bill No 3, An Act respecting the Construction, Operation and Maintenance
of International River Improvements.

WITNESS:

Mr. F. P. Varcoe, C.M.G., Q.C., Deputy Minister of Justice.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, Esq.,
and Messieurs

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Decore	Low	Stuart (<i>Charlotte</i>)
Diefenbaker	Lusby	Studer—35.
Fulton		

Antonio Plouffe,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, March 17, 1955.
(7)

The Standing Committee on External Affairs met this day at 11.00 o'clock a.m. in Room Sixteen. The Chairman, Mr. L. Philippe Picard, presided.

Members present: Messrs. Barnett, Bell, Breton, Byrne, Cannon, Cardin, Crestohl, Croll, Decore, Fulton, Gauthier (*Lac Saint-Jean*), Goode, Green, Herridge, James, Jutras, Low, MacKenzie, McMillan, Patterson, Pearkes, Regier, Stick, Stuart (*Charlotte*) and Studer.—(26).

In attendance: Honourable Jean Lesage, Minister of Northern Affairs and National Resources, Mr. Maurice Lamontagne, Assistant Deputy Minister; Mr. F. P. Varcoe, Deputy Minister and Mr. E. A. Driedger, Parliamentary Counsel, Department of Justice; Mr. M. H. Wershof, Legal Adviser and Mr. E. A. Cote, Head of American Division, Department of External Affairs; Mr. John Davis, Department of Trade and Commerce.

The Chairman read into the record

1. A letter from Mr. R. B. Worley, Executive Assistant to the Premier of British Columbia, dated March 14.
2. A letter from Honourable T. C. Douglas, Premier of Saskatchewan, dated March 14.

The Committee resumed its study of Bill No. 3.

Mr. F. P. Varcoe was called and questioned. He was also examined on the proposed amendments including the following from the Province of Saskatchewan:

There is excepted from the operation of this Act any works built or to be built on international streams which will result in the waters of such streams being put to beneficial use entirely within the boundaries of any province.

The Committee suspended its proceedings at 11.53 o'clock and resumed at twelve o'clock.

Mr. Fulton tabled the following amendment to clause 2(b) subject to it being redrafted:

Provided however that the definition of "international river improvement" shall not be deemed to extend to works constructed under the authority of a provincial government, which are situate wholly within that province, the purpose of which is to divert or take water solely for irrigation or domestic consumption entirely within that province.

At 12.25 o'clock p.m., the examination of Mr. Varcoe still continuing, the Committee adjourned until Friday, March 18, at 3.30 o'clock p.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

THURSDAY, MARCH 17, 1955

The CHAIRMAN: Gentlemen, before we begin our proceedings I would like to read to you two letters which I received this morning. One is from the premier of British Columbia and the other is from the premier of Saskatchewan. They might put at ease some of our friends who feared we might have hurt them by having these amendments brought in.

I have sent copies of the proposed amendments to all the provinces. I assumed that the committee yesterday would accept the idea of reprinting the bill with the suggested amendments, and I told the premiers that they would be sent copies of the bill as reprinted with the proposed amendments.

I received this letter from the premier of British Columbia which reads as follows;

"Office of the Premier
Province of British Columbia

Victoria
1955
March 14

L. Philippe Picard, Esq.,
Chairman,
External Affairs Committee,
House of Commons,
Ottawa, Ontario.

Dear Mr. Picard:

On behalf of the Premier I wish to acknowledge your letter of March 10th and thank you for sending for his information a copy of the remarks made by the Minister of Northern Affairs and National Resources to the Committee on External Affairs, together with the suggested amendments.

Yours sincerely,
'R. B. Worley,'
Executive Assistant
to the Premier"

And then I received this letter from the premier of Saskatchewan, and it reads as follows:

Premier's Office
REGINA, March 14th, 1955.

Mr. L. Philippe Picard, M.P.,
Chairman, External Affairs Committee,
House of Commons,
Ottawa, Ontario.

Dear Mr. Picard:

Thank you for your letter of March 10th and for sending me a copy of remarks made by the Minister of Northern Affairs and National Resources to the Committee on External Affairs.

The Honourable I. C. Nollet, our Minister of Agriculture, along with his officials and our law officers are making a careful study of Bill No. 3 and will be writing you presently in this regard. I am therefore taking the liberty of forwarding to Mr. Nollet and his advisors a copy of the material with which you so kindly furnished me.

Yours sincerely,
"T. C. Douglas"

That should settle this point.

Yesterday, when the proposed amendments were brought in, many questions followed, but I do not think that one question in particular was asked to be answered by the witness concerning the proposal from Saskatchewan.

So if you will allow me, before we open our discussion, I would like the Deputy Minister of Justice to state his views as to the definite proposal we have received from that province, in order to have it on the record, after which a discussion period will be open. Do you mind, Mr. Varcoe?

Mr. F. P. Varcoe, Deputy Minister of Justice, called:

The CHAIRMAN: Mr. Varcoe, you have been supplied with copies of all these amendments. What is your opinion as to the amendment calculated to protect the rights which the province of Saskatchewan has in mind? Do you feel that we need an amendment, or do you feel the matter is covered by the bill as it is?

The WITNESS: I take it from an examination of the bill and what was said yesterday by the Minister of Northern Affairs that under paragraph (d) of clause 3 of the bill such works as are contemplated by the letter from Saskatchewan would be expected, so that this amendment—the proposed amendment—would not, in my view, be necessary.

Mr. GREEN: I could not hear the last words.

The WITNESS: I said that in my view the proposed amendment would not be necessary.

The CHAIRMAN: If there is anything else you did not get, Mr. Green, the reporter will read Mr. Varcoe's answer.

The REPORTER:

I take it from an examination of the bill and what was said yesterday by the Minister of Northern Affairs that under paragraph (d) of clause 3 of the bill such works as are contemplated by the letter from Saskatchewan would be expected, so that this amendment—the proposed amendment—would not, in my view, be necessary.

The WITNESS: And I would add these words, that it would not in my view be necessary to be excepted by the Governor in Council.

Mr. GREEN: Is it in order to ask questions?

The CHAIRMAN: Are there any questions pertaining to this particular matter, so that we can have them in sequence in the report of our discussion so that the officials of Saskatchewan will know what the feelings of the committee are as to their proposal, because their proposal was quite definite.

If we do not believe we should have the clause, then they would want to make personal representations. So while we are at it, I want to clarify the position, and if any member has a word to say pertinent to that particular amendment suggested by Saskatchewan, it would now be in order to state it.

By Mr. Green:

Q. I want to ask Mr. Varcoe a question or two in connection with this amendment which has been proposed by the government of Saskatchewan. Am I to take it that in your opinion such an amendment would not be necessary because the Minister of Northern Affairs and National Resources intimated that he would except such works under the provisions of clause 3, paragraph (d) of the bill?—A. Yes sir.

Q. Is that the basis for your opinion?—A. Certainly there is authority under paragraph (d) for the Governor in Council to except such works as are mentioned in this letter.

Perhaps I might add that the question would arise also as to whether such works would fall within the definition of international river improvements, which would interfere with, alter, or affect the actual or potential use of an international river outside Canada.

Q. Would there not be a great difference between having such a suggestion as Saskatchewan has made written into the bill and having a statement from the minister that his department will exempt such works?—A. First of all, I am not too sure that I understand what they mean. The proposed draft reads as follows:

There is excepted from the operation of this Act any works built or to be built to international streams which will result in the waters of such streams being put to beneficial use entirely within the boundaries of any province.

If that means that the work is to be in fact outside the province, then of course the amendment is unnecessary because it is taken care of by paragraph (b) of clause 2.

The words in the draft proposal are that it will result in the waters of such streams being put to beneficial use entirely within the boundaries of any province.

If that means that the work is to operate entirely within the boundaries of the province, then the amendment is not necessary, I would think.

Q. Suppose the work is going to affect the amount of water in an international river, does the province not have the right to use the water for works within its own province? Where does the dominion get jurisdiction to say that the province cannot use the water within its own boundaries unless a license is obtained from the federal authorities?—A. There are two bases for it; one is that if the effect of the work in the province is to alter the flow of water outside the province, that is, in a foreign country, and so affect property and rights outside the province, then the province would not have the authority to construct such works. Secondly, we have the declaration contained in clause 9 of the bill, that any such river improvement which has a definite effect upon an international river is declared to be a work for the general advantage of Canada.

Q. Well then, that means this: that the province cannot do anything in connection with the waters within its territories if the effect of the works is to be a diminishing of the water which goes over the boundary to the United States?—A. It cannot do anything without a license under this proposed Act.

Q. But we were told by General McNaughton that Canada has the right to use the waters of the Columbia river within its boundaries in any way it wishes. For example, he suggested a diversion from the Kootenay river into the Columbia river, and a diversion of part of the Columbia river into the Fraser river. He frankly admitted that the purpose of it was to use as much of the Columbia water in Canada as possible, even though the result might be to cut down the amount of water going over the boundary to the United States. He still wanted to have that water used in Canada. Then he said that

the province was the only one which could erect the works, that is, that the building of the works was the responsibility of the province, and that if the Americans felt aggrieved, then under the Treaty of 1909 they had recourse in the Exchequer Court against the province, or whoever built the works.

That was his evidence and it seemed to be contrary to the opinion you are expressing today which would mean, in effect, that the dominion government would step in to protect the Americans to make sure that the Americans would get all the water that would normally go over the boundary.

The CHAIRMAN: I do not think you should put words into the mouth of the witness, which the witness has not said. O do not think you should do that. You are putting words into the mouth of the witness which nobody heard coming from his mouth.

Mr. GREEN: No. I said it would amount to that.

Hon. Mr. LESAGE: That is not what General McNaughton said.

The CHAIRMAN: It is not what Mr. Varcôe just said either.

By Mr. Green:

Q. I wonder if the Deputy Minister of Justice would tell us whether or not General McNaughton's statement about the treaty was correct.—A. I did not hear his statement so I do not know what he said.

Q. What is the effect of the treaty with regard to the claims by Americans for water being used on the Canadian side of the border?—A. Well, article 2 of the treaty—I have no doubt it has been read to you over and over again—provides that:

ARTICLE II

Each of the High Contracting Parties reserves to itself or to the several State Governments on the one side and the Dominion Provincial Governments on the other as the case may be, subject to any treaty provisions now existing with respect thereto, the exclusive jurisdiction and control over the use and diversion, whether temporary or permanent, of all waters on its own side of the line which in their natural channels would flow across the boundary or into boundary waters; but it is agreed that any interference with or diversion from their natural channel of such waters on either side of the boundary, resulting in any injury on the other side of the boundary, shall give rise to the same rights and entitle the injured parties to the same legal remedies as if such injury took place in the country where such diversion or interference occurs; but this provision shall not apply to cases already existing or to cases expressly covered by special agreement between the parties hereto...

As I interpret that paragraph and article 2, it means this: that an American suffering an injury as the result of action taken in Canada would have the same right as a Canadian would have who suffered a similar injury as the result of the execution and operation of that work.

Look at it this way: suppose that some work was authorized to be constructed on the Columbia river by parliament or by the province, as the case may be. No person downstream from that work in Canada could claim damages for any injury because, so far as water power is concerned, the water power in the river belongs to the province.

Now, an American claiming damages would have no better right than a Canadian; and since the Canadian has no right, therefore the American has no right.

Q. The rights which are given under that treaty would be against the province or whoever put in the works about which the complaint was made, would they not?—A. I am looking at the strict terms of the treaty. No Canadian could complain. No downstream Canadian could complain at the present time about a diminution in the flow of water resulting from works built in the Columbia river, because the water power in the river belongs to the province.

Therefore, if the province absorbs that power, or develops it at some point so that there is less water flowing below that point, then there is no injury which has been suffered within the terms of this treaty.

Q. If the Americans have no claim, then there is obviously a right in Canada, either for the provincial government or the dominion government or someone to divert the Columbia river water in Canada.—A. I do not know. That is a hypothetical question. This bill does not contemplate or authorize the diversion of the Columbia river or any other river.

Q. It puts a restriction upon the diversion of a river?—A. That is correct. It would require any person proposing to divert a river to obtain a license in order to do so.

Q. It is clear that somebody must have the right to divert a river in Canada. Is that not so?—A. Not under the present state of the law.

Q. Has the provincial government the right to divert the water in the Columbia river in Canada?—A. I do not know that there is any statute in force at the present time which would authorize the province to do that. I do not know of any statute of British Columbia which, at the present time, would authorize the diversion of the Columbia river into the Fraser. I would think that if the province should pass such an Act, then a serious question would arise with respect to its validity.

Q. You think then that the waters in these rivers belong to the provinces. It is clear that as far as the Americans are concerned, they cannot object if someone in Canada diverts those rivers from their natural flow.—A. They can complain about it; I mean, they can make representations about it.

Q. Is there any constitutional ground why the province could not divert rivers within its own boundaries?—A. Speaking of the Columbia river, a diversion of that river in whole, or by a specific part of the river into the Fraser, I would think effect rights outside the province of British Columbia and therefore a serious question would arise as to the validity of that legislation.

Q. You mean in other provinces of Canada?—A. I mean in other provinces of Canada as well as outside the provinces.

Q. Or in the United States?—A. In the United States, yes.

Q. Are the rights of the Americans, whether there is a diversion or not, covered entirely by the terms of this treaty which appears to settle what they can do?—A. They are rights which are outside the purview of the provincial legislatures.

Q. You think then that the province of British Columbia has no right to divert the waters of the Columbia?

The CHAIRMAN: The witness did not say that.

The WITNESS: I say two things: first, I do not know of any legislation now in force in British Columbia which would authorize such a course; and if the provinces should enact such a law, I think it would be of doubtful validity because of the fact that the law would not operate exclusively or solely within the province of British Columbia.

Q. Would that be true if they authorize diversion of part of the river for irrigation purposes within the province?—A. I think that would be the situation. This question arose in connection with a Saskatchewan case as

to the authority of the province of Saskatchewan to divert the North Saskatchewan river into irrigation channels and thereby affect the flow of the river in the province of Manitoba.

That problem was the same as the one you are now posing. The counsel who advised on that question all agreed that they were of the view that the province could not do that.

Q. Was that not a case in which more than one province was concerned?—A. The point was that the effect of the provincial law would be to affect rights outside the province of Saskatchewan.

Q. Well, this proposed amendment which is offered to us by the Saskatchewan government reads as follows: it suggests that there should be included in the bill the following section:

There is expected from the operation of this Act any works built or to be built on international streams which will result in the waters of such streams being put to beneficial use entirely within the boundaries of any province.

Is there any constitutional objection to an amendment such as that?—A. I do not know what that means exactly; but let us suppose it would have the effect of entitling the province, or excepting from the operations of this Act the diversion of the Columbia into the Fraser river. The result would be that the waters of the Columbia river would be put to a beneficial use entirely within the boundaries of the province. That is, the whole of the river, or its entire use could be for irrigation, or whatever it might be, and it would be within the boundaries of the province. I think that would be of doubtful validity.

The CHAIRMAN: Just a moment Mr. Green, you have now had the floor for twenty minutes. I have four other members asking for the floor. You will not mind giving them a chance. You could come back later on. Now, Mr. Byrne.

By Mr. Byrne:

Q. Mr. Chairman, with all due respect, it is my opinion that under article II, in view of the fact that the diversion of the Columbia into the Fraser has been mentioned—it seems to me that under article II of the Boundary Waters Treaty, the province does have the authority to divert that stream, regardless of any legislation contemplated in this bill.—A. By article II?

Q. Yes, under article II.—A. Article II gives no authority to anybody to do anything. It simply provides that, if certain things are done, then certain consequences will follow.

Q. That is true.—A. It is very true! That is the essential thing about that article. It is the thing which some people who have talked about it do not seem to understand.

Q. I have been entirely in the dark on that. I know that. I am glad to have it cleared up.

But it seems to me that if a diversion of any part of the Columbia is within the rights of the province, I fail to see why it would be within their right to authorize diversion for irrigation purposes which may take from one-third or one-quarter of the flow of the water which would go onto the land and not be returned to the river. And throughout all the discussion with General McNaughton I was under that impression that they did, and that if a province decided to carry out such an undertaking for that, it did not contemplate any benefits to a foreign country outside of Canada.—A. First of all, a treaty is not a law in this country. It has to be implemented by some

legislative action. Consequently you must look somewhere else than at article II in order to find out what are the legal rights of the province or of anybody else.

Q. I certainly am glad that has been cleared up, because I think it is very important.

This proposal of the Saskatchewan government would seem to imply that so long as there are no beneficial uses of the river outside of Canada, that they should not be required to get a permit, if they wish to divert a certain proportion of the river for irrigation purposes only. It would not apply, where there could be no possible benefits to a country outside Canada.—A. That is, the whole stream is absorbed?

Q. Or any portion of it. If they were to put in a power dam, the result of which was to store up water, the release of which would naturally benefit downstream installations; then they could be conferring on the downstream people a benefit and would be required to come to the federal government to obtain a permit. But if they were simply diverting it for use inside of Canada only, giving no benefit outside Canada, they are interfering with benefits of the river outside Canada and they would still have to go to the dominion for a license.—A. That is correct.

The CHAIRMAN: Now, Mr. Goode.

By Mr. Goode:

Q. Yesterday I questioned Mr. Varcoe in regard to compensation on the United States side of the line, and from what has developed this morning I am still in a state of confusion.

The chairman of the joint commission in his statement in regard to the treaty has this to say on page 8:

Should the storage and release of water in the upstream country, instead of conferring a benefit, constitute an interference in flow which could be claimed to cause damage to established rights in the downstream country, either by reduction of flow below the normal at times it was needed, or by an increase of flow above normal, causing damage by flooding, then the problem would come in the first category of cases outlined and the matter could be dealt with in the courts of the upstream country.

Let us look at it conversely.

If a dam is built on the Columbia—I am not talking about the Fraser at all; I do not know whether the Columbia should be diverted or not—but if this dam is built by the province, and there is a claim for compensation on the United States side of the line, would that claim be made against the province, or would it be made against the federal authorities.

And may I continue because I have another question. Should the dam be built by the federal authorities, then would the claim be made against the federal authorities, if there was a claim for compensation as mentioned in General McNaughton's statement? I asked that question yesterday but I have not had an opportunity of reading the answer.—A. No. First of all it must be established that by the law of Canada that compensation applies. In a case where the person residing outside of Canada is injured as a result of something done within Canada, it must first be established—you must find the law that confers that right... before I can answer your question.

Q. That would be quite beyond my accomplishments because I know nothing about law.

A. The only law that I know of is that section 3 of the Act which was designed to implement the treaty.

And clause 3 provides in effect that a person injured—let us say in the United States, by interference with the flow of water in Canada—that person has a right of action in Canada similar to the right of action that a Canadian would have who was affected by that same diversion or interference.

I tried to point this out earlier—and please let me answer the question to the end—because I think this is where the difficulty arises.

In the province of British Columbia by statute, the power is vested—that is, the power rights in the river are vested in the province of British Columbia. The crown in the right of the province is the proprietor of the water power.

Consequently, if a dam is built in the Columbia river, let us say, which diminishes the flow of water for power purposes below that dam, then no Canadian can have any complaint, because the owner of the power is the province. I tried to make this point to Mr. Green earlier, when I read clause 3 of the Bill and article 2 of the treaty.

The Americans would be in no better position than the Canadians. Consequently no compensation would apply by law.

Q. That is the Canadian view, but suppose there was damage on the other side of the line, let us say, in the state of Washington, or the state of Idaho in regard to the dam which was built on the Canadian side. Which law would apply, the United States law or the Canadian law?—A. Our own law.

Q. And there would be no right?

A. They might construe it that way. But they might bring their action in the Exchequer Court where the legal questions would be thrashed out. That is my answer to the question, but apparently General McNaughton took a different view.

Q. Who would sue? Would the individual sue, or the United States government sue on behalf of that individual? I come from British Columbia and there have been statements made if a person below the dam sued for damages, should those damages be suffered on the United States side, he would bring his action against the federal government. I am trying to clear up that point. It has been mentioned many times in British Columbia that should the province build a dam, the people who have been damaged on the United States side would bring action against the federal government.—A. I have heard this question many times.

Q. I want to have that point cleared up. Suppose there is damage suffered on the United States side? Would the suit be brought in Canada? Would it have to be brought in Canada?

A. Canada is the only place it could be brought.—Leaving aside any question of provincial legislation—the only law I know of is section 4 of this Act of 1909 and that certainly does not give any right of action against the federal government.

Q. Then it would be against the province?—A. It would be against the province, possibly, although I have indicated that I did not think there would be any right of action for the reason that I recited twice.

But this is a treaty. The Act which was enacted in 1909 undoubtedly had in contemplation interference by private individuals with the flow of the water, and not action of the provincial or the federal governments.

Q. On page 6 of General McNaughton's report he has something to say about a claim on the St. John river. Was that claim not taken by the government of the United States?—A. I do not know what that claim is. You have got a distinction between claims that are put forward on an international basis—that is the government of the United States comes forward. You are familiar with the claim which arose in British Columbia out of the operation of the Smelters there.

The government of the United States came forward and made a claim on behalf of its citizens. These were not legal claims. These were claims which were dealt with on the basis of arbitration. I am not sure that was not the case with respect to the St. John river, but I do not know.

Q. If these claims are made in the United States and action is brought in the Exchequer Court, that is where you say they would seem to be brought?—A. Yes.

Q. Would they be made on behalf of those people by the United States government?—A. No, I do not think so. I think they would be made by the injured parties. They would come into Canada and start an action in the Exchequer Court.

Q. What would happen; would the Exchequer Court throw them out because there was no basis for the claim?—A. There would be a discussion, and evidence would be taken. I do not know what the Exchequer Court would do.

Q. There are a lot of lawyers on this committee. I am not a lawyer, but I am trying to find out, because these statements have been made in British Columbia.—A. What statements?

Q. They have said in the newspapers in my province that if there is a claim for compensation by an individual, let us say, in the state of Washington, that such a claim would be made against the federal government regardless of who built the dam.—A. If they were, it would be made on the basis that the United States of America, or the government of the United States of America would come to the government of Canada and say, "Now, as the result of things done in British Columbia, persons in the state of Washington were injured, and we want compensation." That is what they did in the case of the claims arising out of the operation of the Smelters. The United States government could not approach the province of British Columbia. There would not be a lawsuit. It would be arbitration, or a claim to have it.

Q. If there was a claim for arbitration and if the claim was granted, then who would pay that claim?—A. Oh, well, that is not a legal question. The government of Canada, in the case of the Smelters, according to my recollection, went to Consolidated Smelters and said: "We are arbitrating these claims." And some arrangement was made for the payment of them.

Q. That was of course against a private company. But in this case the government would be building the dam.—A. The same thing would happen. The government of Canada could not compel British Columbia to pay, I would not think.

Q. Well, would the federal government pay in this case?—A. It would be a matter of agreement.

The CHAIRMAN: Now, Mr. Studer.

By Mr. Studer:

Q. If that is the situation as has been suggested, that an American citizen would have no claim if he suffered damages by reason of the fact that water which was under the jurisdiction of the province—then in those areas or places where the condition is reversed, would it be said that the Canadian citizen would have no compensation or would not be entitled to such? What would be the effect of that situation, if it were reversed?

You say that we would have no claim as Canadian citizens. Then in like manner, as far as an American citizen is concerned, he would have no claim.—A. That is getting too far away from this bill for me to answer the question. I do not know what the law of the United States is.

Q. I thought the idea of this bill was to grant jurisdiction or to guarantee the rights of citizens on both sides of the line, irrespective of what they might

do. Would you have to give consideration to it?—A. I think possibly there is some confusion. This bill has nothing to do with the International Joint Commission.

Q. The bill may not have, but the discussions surrounding it should, and what would apply to one should apply to the other.—A. What applies to what one?

Q. The Canadian citizen is compared to the American citizen.

Hon. Mr. LESAGE: He is starting from the assumption that the Canadian citizen would have no right under Article II if he suffered damage through American works.

The WITNESS: I do not know what law was enacted in the United States to implement that treaty.

By Mr. Studer:

Q. I think we would have to take that into consideration.—A. In doing what?

Q. In protecting the rights of citizens who may be affected on the other side of the line. For instance, on the Frenchman river we have irrigation projects in southwestern Saskatchewan; and that river flows into Montana. However the idea is that the Americans will not be affected by whatever any government may do which interferes with the flow of the water. Mr. Byrne brought up the matter of irrigation, but irrigation would be somewhat different because you only use surplus water, not the normal flow of water. And the same thing applies somewhat to power in any event, and the agreement between the countries is, or should be that if there is any interference with the normal flow of the water which—because people along those rivers for hundreds of miles are making their living through ranching or irrigation work, the flow of that water—we have three dams on the Frenchman river in southwestern Saskatchewan, and in drought years the tendency is for our country to retain those waters and to shut off the flow of those waters which is requested through your system, and that all dams retain the water as much as possible in order to protect our own people who need that irrigation.

As a result, we have had officials from Montana pounding on our doors when there was a drought, and demanding that the water be released so that the cattle on the ranges along the river in Montana could have a supply of water, and the people in Montana could have a supply of water for their irrigation projects.

It would appear to me that whether it is power or irrigation, the same thing applies. It may be that this bill does not have to do with the question, but I submit that the over-all picture would have to be kept pretty much to the front because otherwise it would lead to international complications, and I think the federal government would have to control it, through this bill, or through other bills; because if we left it to the provinces or to individuals it might result in international complications with which only the federal government could deal. Perhaps I have the wrong impression of it, but the guarantee of any bill we have here should also apply to citizens in the United States should the situation be reversed.

Mr. CRESTOHL: Mr. Chairman, I think the International Joint Commission has jurisdiction to deal with the various problems which have been discussed this morning. The Treaty of 1909 deals with these problems at great length. Therefore I do not think that the witnesses should be troubled with such questions unless they arise in respect to the treaty, and I think we should restrict ourselves to a consideration of the bill which is before us.

Mr. GOODE: The chairman has allowed the statement by the chairman of the International Joint Commission to be given to the committee as evidence. That is why he permitted the questions.

Mr. CROLL: I think that Mr. Studer has asked a question which requires an answer because as I listened to him, and as a result of his question, it occurs to my mind that it was conceivable that a Canadian citizen would have less rights than an American would have under a similar situation. I think that should be cleared up, whether it is connected or not.

The CHAIRMAN: On a point of order, I have allowed both yesterday and today quite a wide scope to members to question the witnesses on many other questions than those they are supposed to answer.

We have with us today the Deputy Minister of Justice who is here to interpret the text of the law which has been proposed to us. Then we will be having officials from the Department of External Affairs who can deal with the international implications of it and with international law, and also the officials of the Northern Affairs and National Resources department.

Up to now I have given quite a lot of liberty to the members and I do not think I should restrict it at this moment. I would remind the members that the witness is here strictly to explain to us the legal points in the bill itself, and not to deal with the Treaty of 1909 and some other things. But I have allowed Mr. Goode's question to go to General McNaughton, and while the witnesses are here I am allowing some liberty to members to question them.

It is in their own judgment, and if they decide that the questions should not be answered by them, they are at liberty to say so. So I would like the reporter kindly to repeat Mr. Studer's question to Mr. Varcoe, after which I have been asked by the head of the Committee Reporters branch, that since many committees are sitting this morning, we might have some thought for the reporter who has to write two hours, and let him have a five-minute rest period. Perhaps during the intermission the reporter could read Mr. Studer's question to Mr. Varcoe, and then Mr. Varcoe will be in a position to answer the question when we resume.

Mr. FULTON: Would it not be simpler if Mr. Studer should repeat his question?

The CHAIRMAN: If he starts all over again, he might give us a different question worded differently. But since it has been suggested that the question be read to Mr. Varcoe during the recess, we shall now break off for five minutes.

—Recess. (division in House)

—Upon resuming:

Mr. STICK: Mr. Varcoe has had the question read to him, but could we have it read to us?

The WITNESS: I would meet that objection by stating the question as I understand it. I understand the question to be this: Has a Canadian who is injured in respect to water rights on a river flowing across the border, recourse in the United States against the person who causes that injury? Is that a fair statement?

By Mr. Studer:

Q. That is the gist of it. The situation was reversed in the case I was speaking of.—A. I must say that I did not anticipate such a question being asked because it really has not got any connection with this bill. Consequently I did not prepare myself to answer it. But I think the situation is that you would have to look at the laws of the state in which the act was performed

which resulted in the damage or injury to the Canadian resident. That is to say, if it was in Montana, you would have to look at the laws of Montana and of course I have not done that.

I do not know of any federal act—and I have been informed that there is no federal Act of the United States which provides for the payment of damages or compensation in those circumstances. I am afraid that is as far as I can go in my answer to that question.

The CHAIRMAN: Now Mr. Fulton:

By Mr. Fulton:

Q. I would like to ask Mr. Varcoe some questions regarding the possibility of an amendment along the line of that suggested by the province of Saskatchewan.

I think I state the case fairly when I say that it became apparent yesterday that, in the opinion of Mr. Varcoe, this bill as now worded would affect irrigation projects or diversions of water for domestic consumption in Canada on international rivers.

But as I understand it, the main intention of the government, was to protect the position with regard to power development; and it would I think remove a good deal of the hesitation of many with respect to the bill if it could, somehow or other, be made to apply only to power developments, or to such works as would obviously stem from that power development or use of that water for power development.

I wonder if Mr. Varcoe feels that there is any amendment which might be introduced either to the interpretation section or to some other section of the bill which would make that clear, and which would have the effect that it would not be necessary for those seeking to use the water for irrigation purposes to come down here and either obtain a licence have the specific project excepted by the Governor in Council here in Ottawa?—A. I would say, from a purely legal point of view, that there is no doubt that some kind of definition could be inserted which would limit the application of this law to power works. But whether or not that would be a useful or desirable thing to do from a practical point of view, I have no idea.

Hon. Mr. LESAGE: May I speak to this point?

The CHAIRMAN: Yes.

Hon. Mr. LESAGE: That is one of the things we tried to do; but up to now it has not been possible to find any other way to draft the clause; because some of the works which could be built in Canada for other purposes might have an effect such as an alteration of the flow outside of Canada, which would affect the power possibilities on the other side of the border.

Consider for instance an irrigation project in Canada which would have as one of its effects the regulation of a large amount of flow in the river. Well it might have the effect on the other side of the border of "firming up" power, and be of great benefit in the United States. So we believe that such a case should be covered by the Act.

You were quite fair in your request to Mr. Varcoe, in saying that we should cover power projects and such major projects that would have that effect. Well, according to what I have heard up to now, that is the effect of the bill. The reason of the wording of the exception is that it has not been possible to find another test than the one which is in there, namely, the possibility of the alteration of the use on the other side of the border. That is the only test that could be found up to now.

Perhaps Mr. Varcoe could look into it further, having in mind that our objective under this bill is to license any works which have the effect of altering the use and flow in the States.

This is the wording which has been found to cover it. In order to avoid difficulties there is also this power given to the Governor in Council to except some works and no other way has been found so far.

Your request is a very reasonable one and if another wording can be found which would attain our objective—as you understand it and the members of the committee understand it—we would be glad; but up to now it has not been possible to find it. I believe that is the answer.

Mr. FULTON: I appreciate the minister's attitude. It admits the possibility of further consideration.

Hon. Mr. LESAGE: If it is possible to find a wording which will reach the objective I just mentioned, I would be delighted, because this power of making exceptions would involve a lot of work for my officials; and if it were possible to find a wording which would avoid it and at the same time provide the guarantees which we need, if any such wording can be found, then it would be all right. But as far as the Saskatchewan government's proposal is concerned, it is not the case. If this amendment means that the works which are excepted are those which have beneficial use only in Canada, it is quite correct; but it does not say "only". It says "entirely".

Mr. FULTON: Mr. Chairman I place my objection to the effect of the bill in respect to its control over irrigation works on a somewhat different basis to that which the minister has mentioned. He said it would mean that a lot of work would be caused to the officials of his department—

Hon Mr. LESAGE: Also to the people.

Mr. FULTON:—but I object because it would mean that anyone operating such a scheme now or wishing to establish one in the future would have to come down here to Ottawa and apply for a licence.

Hon. Mr. LESAGE: I do not agree with you on this, because quite a lot of projects—for instance water works—do not involve any change in the flow. As I told you yesterday, the sewage goes back into the river.

Mr. FULTON: The point is this: the minister will appreciate that somebody has to determine whether this work is going to interference with the flow or not, and that under the bill at present that decision will rest with Ottawa. Therefore potentially, and I believe actually, anyone who wanted to put in certain works—be they irrigation or any other works—on one of the international rivers, will find he is not able to do so until he comes down to Ottawa and gets a licence, or gets an order in Council authorizing an exception from the operation of the Act. It is that situation I am thinking of.

I am not a draftsman, but the minister has indicated that he would consider an amendment. In order to clarify the point I have in mind I would like to place before the committee a paragraph I have worked out, with the suggestion that words giving legal effect to this idea be incorporated as an exception to the definition. I have regard to clause 2-b.

The WITNESS: 2-b?

Mr. FULTON: I would like to suggest the following proviso be added to Clause 2(b):

Provided, however, that the definition of "international river improvement" shall not be deemed to extend to works constructed under the authority of a provincial government, which are situate wholly within that province, the purpose of which is to divert or take water solely for irrigation or domestic consumption entirely within that province.

That is the objective I have in mind. I would have no objection if it were desired to write in a minimum or maximum requirement as to the number of acre feet which would be permitted to be diverted by any such works for them to come within any such proviso to the Act.

The WITNESS: That is of course primarily a question of policy, but I think that the draftsmen should seriously consider the effect of such a proposal as you put forward.

Mr. FULTON: I shall leave it there for the time being in order not to get into technical difficulties.

Hon. Mr. LESAGE: Might I say now that you have admitted weakness of your wording in adding it might be possible to put in the number of acre feet. But that would be impossible because the number of acre feet would have to vary according to the size of the river, since the number of acre feet in one right might have no effect at all on a big river, or the number of acre feet with respect to a big river might have a tremendous effect on a small river.

Mr. FULTON: Your department might then take into consideration working out a proviso board on a percentage of flow.

Hon. Mr. LESAGE: We would certainly do so.

The CHAIRMAN: I would like to give an opportunity to some other members. The witness will be with us tomorrow at 3.30. Now, Mr. Herridge.

By Mr. Herridge:

Q. Like some of the others, we are concerned with this bill, and its effect upon minor works within the province. I think Mr. Fulton made a constructive suggestion and contribution to the discussion. And I think we would be in a better position to understand the bill when we have heard representatives of the department of External Affairs and particularly the minister's statement with respect to the proposed regulations. I think that would put us in a much better position. But I want to ask one question.

This bill calls for regulations to be provided by the Governor in Council. I think Mr. Green took some exception to the bill providing for regulations. I understood him to say that he thought it was a somewhat unusual or unnecessary procedure. I wonder if Mr. Varcoe would inform the committee if there is any other federal legislation which affects the natural resources of the provinces, such as land or water, which includes in such legislation regulations somewhat similar to these, that is, leaving the regulations to the Governor in Council?

Mr. GREEN: Mr. Chairman, I did not mention regulations.

Mr. HERRIDGE: I beg your pardon. I thought that you did.

The WITNESS: Off hand I can recall only two cases where parliament has provided for the taking over of provincial natural resources for some federal purpose.

There is provision, for example, in the Railway Act authorizing the federal railways to expropriate provincial crown lands upon payment, of course of compensation.

And I recall another case where a federal Act relating to the harbour of Montreal, I think it was, authorized the taking over of lands for the purpose of enlarging the harbour. There was a question of paying compensation in that case, and the fact that there was no provision for compensation, as I recollect it, persuaded the Privy Council to say that the law was invalid; but the implication was clear that if compensation was payable, the law would have been good.

In neither of those cases do I recall that there was any power in the regulations, but I am not too sure about it. And I am not quite sure about the significance of it. That is to say, I want to know if there is any precedent for the federal legislature, that is, for parliament, to authorize an interference with provincial natural resources; and secondly, if there is any such precedent involved in the making of regulations. I am not too clear what connection there is between those two things.

Mr. HERRIDGE: What I have in mind is whether there is any federal legislation which affects the natural resources of the provinces which includes regulations which deal with matters which might arise such as these works we have been talking about, and regulations to be made by the Governor in Council. And while I am on my feet, I would like to say that I must have misinterpreted Mr. Green when I said that I thought he objected to the regulation.

The CHAIRMAN: Let us not start a discussion on that point. Now, Mr. Barnett.

The WITNESS: I do not recall having any precedent of a case where parliament has enacted a law which might have an effect upon provincial natural resources. Perhaps I should point out that it should be kept in mind that this statute does not authorize the taking over of any natural resources. Property in the natural resources remains unaffected by this bill.

Mr. FULTON: It does however take the control of them, doesn't it? And if you take control—

The WITNESS: It has this effect, that it limits the use which the province can make of those resources.

The CHAIRMAN: Mr. Barnett.

Mr. BARNETT: The discussion has moved somewhat away from the point which occasioned my desire to arise.

The CHAIRMAN: We can still go back to it.

By Mr. Barnett:

Q. Earlier in the discussion the question was raised as to possible liabilities which might arise in Canada as a result of certain action taken by people in the United States who considered themselves to be aggrieved. Reference was made to the clause, and you read it, Mr. Varcoe. You read article 2 of the treaty.—A. Yes.

Q. I gathered the impression from the statement you made at that time that it was your opinion that citizens of the United States in fact would have no right of redress, or the possibility of obtaining damages, or having damages awarded to them in the Exchequer Court.

I was rather interested in your reply and I wanted to be sure that I understood correctly what you imply, because of the apparent concern which General McNaughton displayed when he was before us, over the fact that in view—as I understood him—that Canada or others—I shall not go into the question of whether it is the government of Canada or the provincial governments or individuals in Canada—but that within Canada we were becoming increasingly liable for possible action from citizens of the United States.—A. Yes.

Q. Through the fact that increasing use was being made of the waters?—A. In the United States?

Q. In the United States which originated in Canada; and I gathered from the statement which was made by the chairman of the Canadian section of the International Joint Commission, at page 3 of his mimeographed statement, where he had this to say:

In large parts of the west, both in Canada and the United States, water law consists of statutory enactments of the various legislatures in both countries, based on the doctrine of appropriation: whoever first appropriate water to a beneficial use has a prior right thereto, so long as he continues to exercise it. The appropriation must be of a specific amount of water, for a specific beneficial purpose and must be perfected in due course by actually constructing the necessary works and putting the water to use.

Then he goes on to say:

The relevant statute of the State of Washington...

A difficulty involved in that statement arises from the statement that the right depends upon statutes which in turn are based on some law of approbation.

Now, actually, what the western provinces did was to appropriate the power. And if any common law or any other law a person could acquire a right by merely squatting, or by appropriation, the provinces already had it, so I do not see what the statement meant.

Mr. CRESTOHL: I think he said that the first in time is the first in right.

Mr. BARNETT: Yes, the first in time is the first in right, and my point is—

The WITNESS: Whatever may have been the fact in the early days of an approbation by an individual simply taking possession, the province wiped that out. Their laws are not based upon appropriation or the taking possession at all.

Mr. FULTON: No.

The WITNESS: It is the very opposite.

By Mr. Barnett:

Q. I think I understand that point, but as I understand our water law in British Columbia, it is based on the principle that under a provincial statute the first person who first applies and secures certain water rights in a stream has the use of them for ever.—A. It is granted under provincial law.

Q. I would like to relate these remarks made by General McNaughton to the proposed clause which is in the reprint of the bill, and which says

Notwithstanding anything contained in this Act, any law of a province which, but for this Act and regulations, would be applicable to an international river improvement shall apply in the case of such international river improvement except in so far as such provincial law is repugnant to this Act or regulations.

Is it not therefore the practical situation that where the existing law in the province of British Columbia accepts this principle that where certain water has been taken into use prior in time, that the citizens of the United States would have redress against Canada for future action in respect to the alteration or diversion of that water, or in altering the flow or diverting that water?

A. As I understand the situation in British Columbia—I was limiting my observations to British Columbia because I was merely trying to simplify my interpretation of Section 3 of the implementing statute—but as I understand the situation in British Columbia the power which has not been granted by a licence to persons to develop, belongs to the province of British Columbia. I understand that. And this Act or this bill does not interfere with that except that it does restrict the use which the power owner can

make of that power. It restricts his right in that he may not get a licence if his works do in fact interfere with the flow of the river outside the province.

The CHAIRMAN: That is all right.

By Mr. Barnett:

Q. Well this point still remains: that if an American seeks redress in Canadian courts, as apparently he is able to do under the terms of the treaty, and has water rights for the use of certain waters in the States, then it should apply to the Canadian citizen who has secured certain water rights under the British Columbia law. Would he not have the same claim to damages in our courts as we would have in Canada?—A. As we would have? You mean that a Canadian would have under the same situation?

Q. Yes.—A. Interpreting the article of the treaty and the implementing statute in a way which I think you have suggested; but I might say that I find that there is no entire agreement amongst lawyers as to what the clause means. It was drafted at a time when the only interference that would ever affect it would be made by a private enterprise. There was no such a thing as government control over these things at that time, and I do not think it was in their contemplation.

Mr. FULTON: We have had a water Act in British Columbia in force since before 1909.

The WITNESS: Yes, but it was a general sort of law which seemed to be directed against individuals rather than against governments.

Mr. BARNETT: General McNaughton made it clear that this was merely a suggestion on his part as to what might happen in view of the fact that the situation had not been tested in the courts.

The WITNESS: He could not do anything more than that, because there have been no cases at all on this section.

The CHAIRMAN: We have many more members who want to speak.

Some of the members and the chairman have to attend a function in about twenty minutes so I wonder if we might not adjourn until tomorrow afternoon at 3:30. Tomorrow morning the minister and some of the witnesses are not available, so we will have our meeting tomorrow afternoon, when the officials of the External Affairs branch will be in attendance.

May I say before we rise that this afternoon we shall have a joint session, and I have already stated in my letter to members that this committee and the Senate committee will meet together. Might I again repeat what has been said to you that it would be most advisable that the members be in their seats before 5:00 o'clock, because Mr. Dulles is supposed to arrive on time at 5:00 o'clock and we would like to close the doors then.

There will be a special number of rows of seats in the front which will be reserved only until 4:45 because it will be very hard—as the clerk of this committee knows—to try and restrict those seats until 4:45.

The Senate and the members of the House have the right to attend. Members of the House have the right to attend any committee, so there may be many people. We must proceed swiftly and the meeting should start at 5:00 o'clock.

There will be a short presentation by the chairman, and then Mr. Dulles will make a statement, after which, I understand, he might accept a question period; and at that time only members of this committee and of the Senate

committee may ask questions. That will include the eight or ten members who are not at the moment sitting on this committee but who have been exchanged. They also will have the privilege of asking questions.

Each person who is recognized by the chair will be limited to one question because we have only a half hour to spend on it. My intention is to try to be as fair as I can, but I shall apply the rule to one question per member so as to be able to cover as much ground as we can.

I thank you very much for the cooperation you will give me in this regard.

Canada, External Affairs
Committee on 1955

HOUSE OF COMMONS

Second Session—Twenty-second Parliament
1955

Government
Publications

STANDING COMMITTEE

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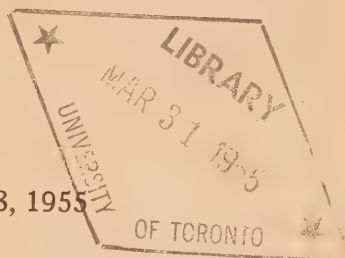
EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

FRIDAY, MARCH 18, 1955



Bill No. 3, An Act respecting the Construction, Operation and Maintenance
of International River Improvements.

WITNESSES:

Mr. F. P. Varcoe, C.M.G., Q.C., Deputy Minister, Department of Justice;
Mr. M. H. Wershof, Assistant Under-Secretary and Legal Adviser,
Department of External Affairs.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

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and Messieurs

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Diefenbaker	Low	Studer—35.
Fulton	Lusby	

Antonio Plouffe,
Clerk of the Committee.

The Honourable John Foster Dulles United States Secretary of State.

Joint meeting of the Standing Committee on External Affairs of the House of Commons and External Relations of the Senate.

THURSDAY, March 17, 1955.

On the occasion of the official visit to Ottawa of the Secretary of State of the United States, The Honourable John Foster Dulles, a joint meeting of the members of both Committees was held in private in the Commons' Railway Committee Room at 5 o'clock.

The Honourable Mr. Dulles made an extemporaneous statement on the international situation with particular emphasis on Continental defence for North America and the defence of Formosa. He also referred to Trade between Canada and the United States. The Secretary of State answered questions from Members of Parliament and Honourable Senators.

Mr. L. Philippe Picard, M.P., Q.C., Chairman of the Commons' Committee on External Affairs, presided and introduced Mr. Dulles, who was thanked by Honourable L. M. Gouin, Q.C., Chairman of the Senate Committee on External Relations.

The Honourable Mr. Dulles, Members of Parliament and Honourable Senators were the guests of the Honourable Louis R. Beaudoin, Q.C., and the Honourable Wishart McLea Robertson, P.C., Speakers of the Commons and the Senate respectively, at a reception which followed.

(Signed) A. Fortier
Clerk of the
Standing Committee on
External Relations
The Senate.

Antonio Plouffe,
Clerk of the
Standing Committee on
External Affairs
House of Commons.

MINUTES OF PROCEEDINGS

FRIDAY, March 18, 1955
(8)

The Standing Committee on External Affairs met this day at 3.30 o'clock p.m. in Room Sixteen. The Chairman, Mr. L. Philippe Picard, presided.

Members present: Messrs. Barnett, Bell, Byrne, Cardin, Decore, Fulton, Gauthier (*Lac Saint Jean*), Goode, Green, Herridge, Jutras, Kirk (*Shelburne-Yarmouth-Clare*), Low, Lusby, MacKenzie, McMillan, Montgomery, Patterson, Pearkes, Regier, Richard (*Ottawa East*), Stick and Studer—24.

In attendance: Honourable Jean Lesage, Minister of Northern Affairs and National Resources, Mr. Maurice Lamontagne, Assistant Deputy Minister; Mr. F. P. Varcoe, Deputy Minister and Mr. E. A. Driedger, Parliamentary Counsel, Department of Justice; Mr. M. H. Wershof, Assistant Under-Secretary and Legal Adviser and Mr. E. A. Côté, Head of American Division, Department of External Affairs; Mr. John C. Davis, Associate Director Economics Branch Department of Trade and Commerce.

The Minister of Northern Affairs and National Resources supplied answers to Mr. Fulton's questions and suggested a further amendment to Clause 7. (*See Evidence*)

The Chairman read a letter from Honourable A. W. Matheson, dated March 15, 1955.

The Committee continued its examination of Bill No. 3.

Mr. Varcoe was called and further examined. He was assisted by Mr. Driedger.

At 4.20 o'clock p.m., the division bells having rung, the Committee suspended its deliberations.

The Committee resumed at 4.40 o'clock.

The witness gave a written opinion in answer to Mr. Fulton's questions of March 17th.

Mr. Varcoe proposed the following amendments, namely:

Clause 3, paragraph (d): delete the words "This Act" in line 26 thereof and substitute therefor the following words "sections 4, 5 and 6".

Clause 9: delete the words "and not effected from the operation of this Act" in line 29 thereof.

Mr. Varcoe's examination being concluded, he was retired.

Mr. M. H. Wershof was then called and questioned on Bill No. 3 and on articles 2 and 4 of The Treaty of 1909. He was assisted by Mr. E. A. Côté.

Mr. Wershof was retired.

The Chairman thanked both Messrs. Varcoe and Wershof.

At 6.00 o'clock p.m., the Committee adjourned until Tuesday, March 22nd, at 4.00 o'clock p.m. to hear Honourable Mr. Lesage and his officials.

Antonio Plouffe,
Clerk of the Committee.

EVIDENCE

FRIDAY, March 18, 1955.

The CHAIRMAN: Gentlemen, before we start the proceedings the minister has a statement to make to the committee.

Hon. JEAN LESAGE, (*Minister of Northern Affairs and National Resources*): Thank you, Mr. Chairman. It is not a statement, it is more in the order of an answer to Mr. Fulton's suggestion made in committee yesterday which was followed by similar representations from members from all parties. These suggestions and representations were to the effect that it might be possible to exclude in the bill itself a great number of works, mainly small works, so that the people who have built these works and intend to build them in the future will not have to come to the Canadian government whether to be licensed or exempted, or to be told that the kind of works which they have built or which they intend to build do not come under the Act. That, I believe, is the tenure of Mr. Fulton's suggestion, and the suggestions or the representations which I have received from various members.

I am now in a position to say that the government is ready to agree to the principle of an amendment to that effect under certain conditions. We could add a paragraph (c) to the amendments I have already proposed to clause 7 which would exclude: "works which are solely for irrigation, domestic and sanitary uses, or other similar consumptive uses—

Mr. STICK: Is that the actual wording?

Hon. Mr. LESAGE: No. —or other similar consumptive uses as long as these works do not have the effect of regulating the flow downstream in a beneficial way for others. This is not a wording, gentlemen. It is my own wording of the principle that I am saying the government has agreed to.

It will be readily understood that with such an amendment, if it can be worded, the purpose or objective of the bill will still be attained because the works which we would exclude would be the kind of works which would really decrease the flows of waters without regulating them. And such an amendment would really cover a multitude of water works, small irrigation and even big irrigation plants, and it would be known from the bill itself that these people do not have to apply. The wording is very difficult to put together, but I wish to tell you now that we have agreed in principle and I hope to have a wording to submit for your consideration on Tuesday. And I would expect in the course of discussion, when you have had time to examine the wording, to have your reaction to it. I felt that it would be useful if I gave this notice today of the approval of the government to an amendment for that purpose.

Mr. FULTON: May I say, Mr. Chairman, that the statement of principle made by the minister is extremely gratifying. I would like to express my personal appreciation, and I know all the other members concerned feel the same way.

Mr. HERRIDGE: I would like to express my same sentiments and my thanks to the minister.

Mr. GREEN: Would the minister give some further consideration to leaving out that qualification which he mentioned last in his statement. As I took it down he made the qualification which would be something like this: as long as these works do not affect beneficial use downstream.

Hon. Mr. LESAGE: No. That is not what I said. "Do not regulate the flow."

Mr. FULTON: I took down the words, and I think they are: "Do not have the effect of regulating the flow downstream in a beneficial way for others."

Hon. Mr. LESAGE: Yes. But this is my wording just to give you my idea of it. It might very well be that these words are not necessary. If we have the right definition for the right kind of works it may not be necessary at all. But this is just to give you my idea in full. These words were used only for that purpose.

Mr. GOODE: What you are trying to protect is the irrigation projects in the watershed of the Columbia and domestic works now being used.

Hon. Mr. LESAGE: I am not thinking of the Columbia river more than any other river, nor the present works any more than any future works. I am really trying to meet the representations which have been made, amongst others by yourself in order to avoid a lot of, as we say in French, "tracasseries" to a lot of people.

Mr. BYRNE: I think this also would include the diversion of the Columbia river which would have the effect of diminishing the water supply downstream rather than increasing it and therefore would leave the provincial government the right to divert without coming to the federal government.

Hon. Mr. LESAGE: It may be that it would have the effect of diverting water from the Columbia river and decreasing the flow in the Columbia but it would surely have the effect of regulating the flow in the Fraser—. The building of the Mica dam—even with a diversion into the Fraser river might very well regulate the flow of the Columbia downstream. You might divert the overflow of the water to the Fraser and at the same time regulate the waters of the Columbia downstream.

Mr. BYRNE: If it gives beneficial uses inside Canada—

Hon. Mr. LESAGE: It might still give beneficial use outside of Canada according to what I have been told about the possibilities of such a project.

Mr. GOODE: I wish, on a question of privilege, to refer to a newspaper article published by the Vancouver Province, Victoria, before the legislature concluded in British Columbia. I do this in a most kindly way I hope and certainly not in a political way, because as far as I know—and I have sat on this committee for three years since I came here—this committee has never been a political body and the members from the different parties have co-operated as best they could to allow a proper representation to be made to the government.

I bring this to your attention that the premier of British Columbia in his announcement that he is coming to this committee made certain remarks. I say this in all respect to him because the committee is going to receive him with all respect and I am quite sure give his representations the fullest investigations. He says this:

General McNaughton was the most nervous man I ever saw. He said the Americans had all the information (on Columbia river proposals) and he had none.

Now, this committee knows that is not correct. The record shows that General McNaughton had full information; whether that information is correct is a matter for the majority of this committee to decide. But I do bring to your attention that these remarks are not helping the deliberations of this committee. He goes on to say:

And because we took the action (the agreement with Kaiser) those people in Ottawa got scared to death.

I do bring this to your attention and say in a non-political way entirely and with all respect to the premier of British Columbia that this committee

is deliberating with the idea of the interest of all Canada in mind, not of British Columbia, and not of the federal government, but of all Canada.

Mr. Low: What was the point there? How does that relate to our committee?

Mr. GOODE: I take it, Mr. Chairman, that this is intended as disrespect to this committee in a political way and that is why I brought it up.

The CHAIRMAN: Are there any comments, gentlemen? Well, I might report that I received another answer from the premier of Prince Edward Island. He does not comment on whether or not he will come or make representations, but he says this:

Receipt is acknowledged of your letter of March 10 enclosing copy of remarks made by the Minister of Northern Affairs and National Resources to the committee on external affairs with proposed amendments to an Act respecting the construction, operation and maintenance of international river improvements.

Yours very truly,
(sgd) A. W. Matheson, Premier.

He does not state whether or not they would be interested in making representations. But as we have done it for all the other provinces, I wanted to put this letter on the record.

We have with us again today the Deputy Minister of Justice and also officials from the Department of External Affairs who will deal with the international law aspects concerning the bill. So I think, we might, with your consent, try to conclude first with Mr. Varcoe.

Mr. F. P. Varcoe, Deputy Minister of Justice, called:

The CHAIRMAN: Mr. Bell, you are first on the list.

By Mr. Bell:

Q. Mr. Chairman, I would like to get a couple of points cleared up in connection with the St. John River. They concern the conflict, or the seeming conflict, between clauses 2 and 7 (b).

I think I should point that the St. John river is peculiar in the sense that it flows from Canada into the United States and then from the United States back into Canada. That creates an extra difficulty.

The first point I would like to raise concerns the six tributaries which are mentioned in the list as being tributaries of the St. John River as an international river.

We probably have been given the information already in connection with the British Columbia question, but I would like to know whether these six rivers which are tributaries of an international river, the St. John river, would come under clause 7 (b) as being under the Treaty of 1909 and would therefore be excluded from the Act, or whether they would be considered as coming under the Act, that is, whether they contravene clause 2.—A. I am afraid that is a question which should be answered by Mr. Lesage's officials. It is not a legal question really, but a question of fact. I do not know anything about the geography of the St. John River.

Hon. Mr. LESAGE: Might I say that I was the one who tabled the list of rivers, and that starting on Tuesday I shall be the witness together with my officials. I shall be in a position to answer all questions about international rivers, boundary waters, and tributaries. This is an application of the law. It is not an interpretation of the bill.

By Mr. Bell:

Q. I understand that our provincial authorities have been in communication with various government officials up here personally. While a statement of facts and intentions are good, this case has reached the stage where there must be some consideration given to its legal aspects. I can word my question in a general way without referring to it. Let me put it this way, if it would help to ease responsibility; rivers which are wholly within New Brunswick and which flow into the St. John River, that is, which flow into an international river—

Hon. Mr. LESAGE: No, no. Your question is not correct. You mean tributaries to boundary waters.

Mr. BELL: Yes.

Hon. Mr. LESAGE: Because in New Brunswick the St. John river is not an international river. It is a boundary water.

Mr. BELL: That is correct. Well then, would tributaries which flow into a boundary river as defined by the 1909 Treaty be excluded from the application of this Bill under clause 7 (b), or do they come under the Treaty if they contravene clause 2?

The WITNESS: The definition contained in the preliminary article in the treaty, at paragraph (b), refers specifically to, and excludes tributary waters from the effect of paragraph (b). I think that is about as far as I can go.

Hon. Mr. LESAGE: I can say definitely then, that the tributaries that flow into the St. John river from New Brunswick, into that part of the St. John river which is a boundary water between New Brunswick and the United States, are definitely covered by this Act.

Mr. BELL: They definitely come under the Act?

Hon. Mr. LESAGE: They definitely come under the Act; they are not excluded by clause 7 (b). Only boundary waters as defined by the Treaty of 1909 are excluded.

Mr. BELL: I suggest that there seems to be a little conflict which can be left until later.—A. A conflict between whom?

Q. This clause 7 (b).—A. I wondered what you meant by "conflict". I did not quite understand you.

Q. According to clause 7 (b) boundary waters and tributaries are listed under the Act.

Hon. Mr. LESAGE: No, no.

Mr. BELL: They may be excluded. I am not speaking of improvements on those tributaries.

Hon. Mr. LESAGE: Where do you see that tributaries to boundary waters are excluded?

Mr. BELL: It says that boundary waters as defined under the treaty are excluded from the 1909 Act.

Hon. Mr. LESAGE: Boundary waters are defined in the treaty? The definition does not exclude tributaries, so they are not excluded from the operation of the Act.

Mr. BELL: I am satisfied then about these six rivers. I did not mean to argue; but the six rivers, or the tributaries which are mentioned in the list as being tributaries of boundary waters definitely come under the application of this Act, and any improvements made thereon would be considered too?

Hon. Mr. LESAGE: Any improvements which are not excluded or which may not be excluded are. These six rivers are to be found on page 4 of the list which I tabled.

Mr. BELL: That is fine. Now I also want to ask about tributaries of the St. John river which flow from Quebec, that is, Canada, into the United States, and thus into the St. John river.

Hon. Mr. LESAGE: I know a lot about them, because they flow in my own constituency.

Mr. CHAIRMAN: As well as in mine.

Mr. BELL: And one other question: in the St. John river at the present time we have a development at Beechwood. It is a development on the St. John river, which is a boundary water. However, it would not contravene or interfere with clause 2 of the Act; in other words, if it did not alter the flow of any boundary waters in any way, it would be excluded from the Act. It is a development on a boundary river, the Beechwood development on the St. John river.

Hon. Mr. LESAGE: I do not want to go into the intricacies of the Beechwood development, but there are certain works which are proposed under the Beechwood development which would not be in New Brunswick.

Mr. BELL: I appreciate that. But I was referring to the Beechwood development as such.

Hon. Mr. LESAGE: Do you not think it would be better to reserve your question until the time when I am the witness and my officials are here with me, because this is really a technical and not a legal question.

The CHAIRMAN: Let me suggest that we try to confine ourselves to the bill itself and to such interpretation of it as the Deputy Minister of Justice can give.

The minister will be here again and in order to have everything in sequence I suggest that we limit ourselves today to questioning the witness concerning the bill itself.

Mr. BELL: For the record I should like to say I have been here for four or five days, and during that time I have not asked any questions or said anything.

The CHAIRMAN: You have been given all the time in the world.

Mr. BELL: The St. John river channel is just as large and as important as the Fraser River. I have attempted to ascertain the answers to these questions and I am sorry it has not been possible to figure this out. The point is this, Mr. Chairman. We have had two or three groups of people down home who have small developments on these rivers. They have gone to considerable expense in coming to Ottawa and in hiring counsel, and all that has been made necessary in my opinion, because they could not get any definite statement on this matter.

I appreciate the ramifications of the subject. Every day sees new points brought out. But while this postponement is taking place these small operators are going to considerable expense. I would be willing to bet that one or two of them, small operators of Saint Croy River for example, have incurred the expenditure of \$1,000 or \$2,000 in legal fees in connection with this question.

I do have one or two other points which I want to make—questions I want to put to Mr. Varcoe, and these concern improvements which might be made on the St. John river in future. Am I to understand that if there are to be improvements in any way, there will be some sort of licensing authority from the federal government over them?

Hon. Mr. LESAGE: Would you ask where on the St. John river these improvements would be, because the St. John river in one section is an international river, then it is an American river, then it is boundary water, and finally it becomes a Canadian river. To which of these four sections do you apply that question?

Mr. BELL: For improvements we are about to begin on the tributaries.

Hon. Mr. LESAGE: Which one?

Mr. BELL: Well, I will name one of the tributaries—the Similkomeen river, which we have mentioned as one of the tributaries which flows into it.

Hon. Mr. LESAGE: That is right.

Mr. BELL: If a development were contemplated on that river in connection with the power development of the river as such, would that improvement and anything connected with it be subject to licensing by the contemplated licensing authority of the federal government?

Hon. Mr. LESAGE: What kind of work would it be? Would it be work which would alter the flow of the river?

Mr. BELL: It would be in connection with power development.

Hon. Mr. LESAGE: A reservoir for power development? That would certainly come under the Act.

Mr. BELL: May I ask this further question? It may be quite all right to dismiss it, but we feel in New Brunswick that if there were this licensing authority in the hands of the federal government it would be open to the federal government to begin construction on this site directly. We feel that if the federal government is going to follow that procedure we would expect it to have complete jurisdiction over that river development as such, and therefore that it would be responsible and liable for the construction of the entire development on the river.

The WITNESS: That would not be the effect of this bill.

Mr. BELL: No, but general common law, to the effect that there would be licensing of the river as such, and responsibility for all the actions in connection with it, such as new construction.

Hon. Mr. LESAGE: May I say the federal government will not be the only licensing authority; the provincial government's right to license according to the present laws of New Brunswick are saved under the amendment which I have proposed: they were already saved anyway under the bill as it was drafted.

Mr. BELL: Well, I will leave it at that, by suggesting that if a licensing authority is to be set up and there is, perhaps, some worry, that the provincial governments might be given representation on this licensing authority. They would then be able to advise on the various matters and considerations, and also to take some responsibility. It would become a joint responsibility then, and this complication could be removed.

Mr. PATTERSON: Mr. Chairman, I have several questions and I think that they properly come under the heading of legal questions. I was just wondering, Mr. Varcoe, if the articles of the treaty between the United States and Great Britain relating to boundary waters and questions arising between the United States and Canada as found on page 9 and so on of the National Joint Commission of the United States, rules and procedure and text of treaties would apply in the case of international rivers as well, or just to boundary waters.

The WITNESS: They relate to boundary waters as defined.

Mr. PATTERSON: Well, I think one of the clauses has been introduced in the debate on several occasions.

The WITNESS: Article II you mean?

Mr. PATTERSON: Yes.

The WITNESS: Well, there is an additional article II which is applied to rivers which flow across the boundary.

Hon. Mr. LESAGE: And article IV, too.

By Mr. Patterson:

Q. The thing which is puzzling me in this respect is that article II states this:

It is agreed that any interference with or diversion from their natural channel of such waters on either side of the boundary, resulting in any injury on the other side of the boundary, shall give rise to the same rights and entitle the injured parties to the same legal remedies as if such injury took place in the country where such diversion or interference occurs;

Do I understand you to say that they had the same rights but Canadians do not have any rights?—A. As most Americans.

Q. In the case of a dam which when constructed was 15 or 20 miles north of the boundary, would Canadians between the dam and the boundary have any claim for redress because of injury?—A. I did not say that. I gave an example that in British Columbia the power belongs to the province and therefore I said that if the dam was constructed 15 miles from the boundary, let us say, no person in Canada between the dam and the boundary could complain about losing any of his rights, because he did not have any. Water power rights, I should say.

Q. Therefore, the man on the other side of the boundary would be in the same position?—A. That is one construction which could be placed on article II. It is not a very clear article as a matter of fact.

Q. I am glad to hear a legal expert say that. I could not understand it myself so I appreciate those words. Now what would be the legal position if the United States authorities were to divert, say the Pend d'Oreille river into the Columbia wholly within the United States, thereby ruining, for instance, the Waneta works.—A. I would not attempt to answer that off hand. Is that an American river which you are talking about?

Q. Yes. And it flows up into Canada and makes a short loop.—A. And then it flows back into the United States?

Q. Yes.—A. And joins the Columbia in the United States?

Q. Joins with it in Canada, I believe. It joins just above the border. There was a suggestion, I understand, that the United States authorities might consider diverting the Pend d'Oreille River south of the border rather than let it come up in a loop into Canada.

Hon. Mr. LESAGE: What is the question again?

Mr. PATTERSON: What would be the legal position if the United States authorities were to divert the Pend d'Oreille river into the Columbia valley within the United States, thereby ruining the Waneta works in Canada?

The WITNESS: I suppose that to interpret article II as I did the other day, it would mean that whether a Canadian would have any claim against some person in the United States would depend upon whether an American might have had such a claim in respect of property belonging to him on that river between the diversion point and the boundary.

Hon. Mr. LESAGE: That is one of the difficulties which arise from asking questions on a technical set of facts from this witness.

Mr. PATTERSON: I understood, Mr. Chairman, that legal questions could be presented today.

The WITNESS: That question does not arise out of this bill at all. This bill has nothing to do with that treaty.

By Mr. Patterson:

Q. It is tied in from a practical point of view.—A. That is correct, but this bill does not purport in any sense to affect the rights of such persons as you are now mentioning.

Q. I was just asking what the legal position would be in that case.—A. I am not in a position to answer that question.

Q. Perhaps the minister and his advisers could answer that question.—A. I do not think they could, because in the first place it involves knowing something about the law of the state of Washington, which I certainly do not.

Mr. PATTERSON: I do not want to be argumentative but it seems to me that that is vital to the bill.

Hon. Mr. LESAGE: I cannot let that statement go. This has absolutely nothing to do with this bill. What is asked for is an interpretation of the rights given to various individuals or governments under the Treaty of 1909. This bill does not affect them in the least.

Mr. PATTERSON: I think that we have heard the Treaty of 1909 referred to often enough in this committee to know that it has its applications.

The CHAIRMAN: We are dealing with this bill, and the witness is ready to answer questions on this bill. We will have witnesses from the Department of External Affairs as to the legal interpretation concerning international law, and then we will have the minister. So the door is not closed on any questions which you want to ask. We are just saying that this might not be the right time.

The WITNESS: In any case, all I can say right now is that I do not know the answer.

By Mr. Patterson:

Q. That is fine, if we can get the answer from another witness later on. Now, regarding the legal position, I asked General McNaughton this question, I believe, and I think that it was suggested that I ask the legal expert regarding the legal position between Canada and the province which might be involved. I am using British Columbia in this case because it has been referred to so much in the debate. I have no reason to surmise that it would be so, but if the British Columbia government objected to the diversion of the flood waters of the Columbia into the Fraser, which is wholly situated within the province, is there any present legislation which would require compliance?—A. No.

Q. Would the federal government have the right or the authority or be in a position to introduce such legislation in the future?—A. You mean, I presume, would parliament have power to enact legislation to compel or to require some person to divert that stream into the Fraser?

Q. Yes, which is a river entirely within a province.—A. Let me put it this way. The Fraser is a river entirely within the province.

Q. Yes.—A. But the Columbia is not a river that is entirely within the province. The Columbia river is an international river. I have indicated two or three times that I did not think that the province of British Columbia would have the authority to compel the diversion of that stream, because it would affect rights outside the province of British Columbia. Then, applying a principle that every constitutional lawyer in this country now accepts, I think, if the province has not the power to legislate in that way, then it follows that parliament has that power.

Q. Let me just get the answer straight. That means that the federal parliament could introduce legislation. It could—I use the word advisedly—force the provincial government to allow water to be diverted into a provincial river?—A. I would not put it in those words. One government does not force another government. That is not the appropriate term.

Q. I used that term, but can the federal parliament require a provincial government to allow the diverting of an international river into a provincial river?—A. The federal government does not go to the provincial government and say, "You must do this." That is not the way a federation works.

Q. That was not my question.—A. No, that was the way you put it.

Q. I just wanted an answer to the question.—A. As I understood you, you asked whether parliament could force the provincial government to allow the diversion. I do not think that that is a question I can answer.

Mr. FULTON: I think that the question is very close to the one I asked.

The CHAIRMAN: Gentlemen a vote has been called in the House, we shall adjourn and resume the meeting immediately after the vote.

The CHAIRMAN: Before we carry on I think the deputy minister wishes to read a statement concerning some of the questions asked by Mr. Fulton and Mr. Patterson.

The WITNESS: I think that there is some overlapping between the questions of Mr. Patterson and the two questions which Mr. Fulton placed on the record a day or two ago which have not been answered. I have prepared a written statement in reply to Mr. Fulton's statement and I felt that perhaps that would help to clarify the committee's mind as to what they have in mind.

Mr. Fulton's questions are as follows:

First, does the dominion government or does it not have the right, if this bill passes, to construct either themselves or through an agent, the Columbia diversion in the absence of further legislation?

Two, if this bill passes, and you think it does not give them that right, then would further legislation be required and is it within the competence of the dominion parliament now to enact such legislation?

Now, this is my answer to the first question:

It is the case that if any person proposed to construct such a work as would divert the Columbia into the Fraser, he would certainly require a licence under this bill, but he would have to obtain from the province the water rights to execute such a work. In other words, while a licence under this bill would be essential, there is nothing in this bill which would authorize or require the Columbia diversion.

I follow that up by this observation:

It is to be observed that this bill does not authorize expropriation of water rights or any expenditure or the making of any contracts. It is nothing but a licensing measure.

The answer to the first question is that the dominion government does not have the right under this bill to construct, through an agent or otherwise, the Columbia diversion.

With reference to the second question, it would not in my opinion, be within the authority of a provincial legislature to enact a law authorizing the diversion of an international river so as to affect the flow of the river across the border. Such a law would have legal effects outside the province and consequently parliament is the only authority which could enact such a law, applying the rule that any law which is beyond the competence of a provincial legislature must, of necessity, fall within the legislative jurisdiction of parliament.

Certainly, the government could not divert the Columbia river without first gaining authorization from parliament, and, in this connection, it should be borne in mind that the proprietary interest in the water power would have to be acquired. Acquisition of the property would have to be effected either by purchase or expropriation.

The CHAIRMAN: Have you finished your questions, Mr. Patterson?

Mr. PATTERSON: Yes.

By Mr. Fulton:

Q. I would like to thank Mr. Varcoe for the care and attention with which he has answered the question, and to ask him, with relation to his answer to

the first part which was, as I understand it, that even if this bill carried in its present form it would not be in the competence of the dominion government to construct the diversion works on the Columbia river, whether there is not room for argument in the light of clause 9 of the proposed bill which reads:

All international river improvements heretofore or hereafter constructed, and not excepted from the operation of this Act, are hereby declared to be works for the general advantage of Canada.

I am wondering whether that gives a prospective right, as it were; so that it could be said the effect is that because any works which would divert the Columbia into the Fraser would be an international river improvement within the meaning of this bill, and Parliament now declares that those works would be for the general advantage of Canada, the government can therefore say we have the right to construct them ourselves or authorize an agent to construct them.—A. Only under further legislation.

Q. That declaration could not be made by the government under this bill?—A. No. It is my opinion that it could not under this bill.

Q. I am glad to hear that because I was little concerned that perhaps clause 9 was wide enough to enable the Governor in Council to say, now that we have clause 9 which declares all river improvements "heretofore or hereafter constructed . . . to be for the general advantage of Canada", we so declare the Columbia diversion and are going ahead by order in council to authorize the diversion.—A. I do not think that that could be done.

In looking at this clause 9 I am reminded of the criticism which Mr. Low made of the drafting of this section which was to the effect that on the one hand it declares works to be for the general advantage of Canada and on the other hand gives the Governor in Council power to revoke in effect that declaration. That criticism is a very cogent criticism I may say. We did think of it, but we thought probably the bill was valid as it stands. But, now I am going to suggest to the minister that two changes be made to meet this criticism of Mr. Low. One will be to strike out the words in clause 9 "and not excepted from the operation of this Act" and in clause 3, paragraph (d) at the end of paragraph (d) to strike out the words "this Act" and insert the words "section 4, 5 and 6". That is purely a technical drafting provision. There is no question of policy involved. It is simply to meet the very important criticism by Mr. Low.

Mr. STICK: I wonder if I could follow up Mr. Fulton's question. You said that clause 9 does not give this parliament the authority under this Act to carry on those works without further legislation. But this Act does give the federal parliament power to enact new legislation to cover these works.

The WITNESS: The declaration follows the resolution within the jurisdiction of parliament as a result of section 92 (c) (10) of the B.N.A. Act. Once that declaration is made parliament has certain legislative authority over such local works and undertakings.

Mr. STICK: It does give parliament power to bring in future legislation?

The WITNESS: Yes.

By Mr. Fulton:

Q. Am I to understand now that this bill gives parliament authority, or is it that parliament always has had authority if it wishes to bring in such legislation?—A. Yes.

Q. The authority is there in head 10 of section 92?—A. Yes. The power is in the bill in case parliament wanted to go further and do something more than this bill contemplates.

Q. Would the enactment of any such further legislation depend upon the authority in this bill 3, or would it stand on its own?—A. Let me give you an

example. Parliament a good many years ago declared all the elevators in western Canada to be works for the general advantage of Canada. That declaration was designed to bring into operation in respect of those elevators all the provisions of the Canada Grain Act because it was doubtful whether they applied. Now, that declaration once made brings those elevators within the jurisdiction of parliament and parliament could go on any time and pass further laws over and beyond what is now contemplated in the Canada Grain Act. That is all I meant by my answer given to your last question.

Q. Parliament now by making this declaration will assume rights and controls over all works on the Columbia river, but to specifically authorize this proposed diversion would require further legislation?—A. Yes.

The CHAIRMAN: Do I assume that we can excuse this witness and go on with the witness from the Department of External Affairs?

By Mr. Pearkes:

Q. I wished to ask some questions of this witness, but the statement made by the minister earlier this afternoon has lessened the necessity for the time being of my asking those questions. I would prefer to see the actual wording of the amendment which the minister intends to produce, but my questions are definitely related to the inclusion in this bill of the exceptions, so I would like to be quite certain that this witness will be available again when the minister's amendments come in.—A. Oh yes.

The CHAIRMAN: Permit me to say that at a later date, after the provinces have been heard, we will take up the bill clause by clause; and if at that moment anybody wants to recall a witness we will have the witness here in a matter of minutes. We will telephone him.

We shall try to finish the federal evidence on the bill by the end of next week if we can. Any of these witnesses will be available again when we study the bill clause by clause.

By Mr. Pearkes:

Q. That will be satisfactory. But now, regarding clause 6, that section gives authority for the Governor in Council to destroy any improvements which are constructed. The actual meaning of the word "constructed" causes me to ask this question: does it refer to any improvements which may have been constructed in the past and which are now in the system, or does the word "constructed" mean that after this bill has been passed and becomes law, works which will then be constructed?—A. Well, this clause 6 relates to any work which is constructed, operated or maintained without a licence; so it certainly would relate to work constructed in the past.

Q. It will?—A. Yes.

Q. It is retroactive in the past?—A. I would not choose the word "retroactive" to apply to it. The statute looks to the future only.

Q. If there is today a dam already built on an international river which is affecting the natural flow of that river past the boundary, and the owners of the dam do not apply for a permit in the future, then the government has the right to destroy that dam existing today?—A. That is correct, yes.

The CHAIRMAN: Now, Mr. Green.

By Mr. Green:

Q. There has been some suggestion that one way in which to develop the Columbia river basin would be by setting up a joint authority on which the dominion and the province would be represented. Apparently they have similar authorities set up in the north-western states for the development of the Columbia below the border. Is there any law in Canada at the present time under which steps of that kind could be taken?—A. Not that I know of.

Q. What is the kind of legal sanction which would be required? What kind of statutory sanction would be required for it?—A. You would need a statute passed by parliament and a statute passed by the provincial legislature. But you would have to be extremely careful that both legislatures confined themselves strictly to their own respective fields.

Q. Do you know of any cases in which that has been done.—A. In connection with the construction of any works?

Hon. Mr. LESAGE: I am sorry, what was the question?

The WITNESS: What about the rocky mountains case? There was a Rocky Mountain Conservation Board. I am not just at the moment quite familiar with it, but it may be that there was an Act of parliament to provide some money and to provide for the appointment of one or two members of the board.

Hon. Mr. LESAGE: The chairman was a federal appointee.

Mr. GREEN: Did parliament make any provision under which the credit of the dominion could be used by that authority to raise funds?

Hon. Mr. LESAGE: Definitely. We vote it each year.

The WITNESS: We vote it each year but I do not think they have any power of borrowing.

Hon. Mr. LESAGE: There is still a vote in my estimates for the Eastern Rockies Conservation Board which gets its money from the federal government and from the government of Alberta.

Mr. Low: There was no authority given in the Act for raising money.

Hon. Mr. LESAGE: No, no. I do not believe so.

Mr. Low: I know there was not. I remember.

By Mr. Green:

Q. Was there any legislation of that kind in connection with the St. Lawrence power development and water way?—A. The seaway authority is set up entirely—that was exclusively a federal measure.

The CHAIRMAN: I think we are getting too far away from the present bill. Perhaps we could save that for other witnesses in connection with international law.

Mr. GREEN: Mr. Chairman, perhaps Mr. Varcoe might let us have an answer at some later date.

The WITNESS: Yes.

The CHAIRMAN: We have specialists with us from the Department of External Affairs.

The WITNESS: I would need to look at the legislation. There was legislation passed by parliament and the province. I know that; but I do not know if there was any joint authority set up. I do not think there was.

By Mr. Green:

Q. The Department of External Affairs would not have anything to do with it if it was between the provinces?—A. No.

Q. Why was the Navigable Waters Act not ample to control the erection of a dam on the Arrow lakes? The waters of those lakes have been navigable for nearly one hundred years, and this section under the Navigable Waters Act would seem to be wide enough.—A. I take it there were other questions besides those of navigation which were involved in this legislative proposal; considerations other than navigation were involved.

Q. Would it have been possible for the province or for a private company to erect a dam across a navigable lake without getting approval from Public Works?—A. No, but that approval would relate only to navigation. The

authority granting that approval, the minister or the department, would concern itself only with the question of navigation, and whether that particular dam would or would not interfere with navigation to such an extent that approval should be refused.

Q. The authority to refuse a dam, or to allow a dam to be erected under that Act would rest entirely with the dominion government?—A. That is correct. I would not say "entirely"; but only from the point of view of navigation. There might be other questions involved in the erection of a dam, besides that of navigation.

Q. If the dam were to be put right across the lake—if that were proposed—has the dominion clearly not got authority in a case of that kind to prevent the erection of such a dam?

Well, I am not sure that I am answering all your questions, but the granting of approval under the Navigable Waters Protection Act would not give to a person constructing the dam all the rights necessary. He would still have to acquire property rights, and so on.

Q. I am approaching this from the opposite angle. Here is a case where the dominion government wishes to prevent the erection of a dam. Would it not be possible for them to stop that dam being erected by reason of the Navigable Waters Protection Act?—A. That is correct, but I do not think it would be proper for the Minister of Public Works, who I believe would have responsibility for the administration of that Act, to refuse his approval having in mind something other than navigation—that is, the international flow of the river for example. His function relates to navigation only, and not to the economic use of international water.

Q. You think the Navigable Waters Protection Act should only be used in cases where navigation is concerned?—A. Yes.

Q. Is there any American legislation similar to that which we have in this bill?—A. I am afraid I cannot answer that. I have a note here which I will read to members of the committee, but I do not know that it constitutes an answer to that question. "There is comparable legislation in the United States. Control is vested in the Federal Power Commission under the Federal Powers Act. The constitutional foundation for this legislation is the authority of congress 'to regulate commerce with foreign nations' and among the several states."

That is all the information which I have at this moment about that.

Q. I understood you to say a few moments ago that a province could not legislate in regard to water where the flow of water over a boundary would be effected by that legislation? Does that mean that the water Act of British Columbia is unconstitutional in so far as it effects the amount of water flowing over the border?—A. I suppose the only way in which I could answer that would be to say that the water Act of British Columbia would not have that effect—I would think that a person who challenged the right of the province to interfere with him in his operations, if he had authority otherwise to engage in operations, which would effect rights outside the province—that he could challenge the applicability of the Act to his operations.

Q. For example, if an erection is installed north of but near the border and the erection is going to take away from the flow over the border, if your interpretation of the constitutional situation is correct, the British Columbia Water Act cannot be applicable, since a case of that kind involves the cutting down of the amount of water flowing into the States.—A. That is correct.

Q. And the same thing would apply in the case of Frenchman river in Saskatchewan. If the farmers there take all the water out of that river during a dry period under a provision of the Saskatchewan law, would you submit that this Saskatchewan law is invalid?—A. Yes.

Hon. Mr. LESAGE: Frenchman River is under the International Joint Commission, so the situation is quite different.

The CHAIRMAN: Perhaps the witness would care to consider that question again in the light of the minister's remarks.

The WITNESS: If the situation is the same, as it is with regard to the Columbia, the answer would be the same. I am not at all familiar with the setup in Saskatchewan and I do not know whether or not the International Joint Commission has jurisdiction.

By Mr. Green:

Q. Your opinions seem to conflict very seriously with the contention of General McNaughton that the water could be used—in fact that all the water of these rivers could be used—within Canada, and that nobody below would have any “say” unless they had established a prior right to usage.—A. I suppose General McNaughton was not considering whether the water could be used under a federal or provincial statute. He was simply thinking about the international arrangement.

By Mr. Fulton:

Q. I would like to ask one or two questions on a slightly different subject relating to the bill. This bill requires anyone proposing to construct an international river improvement to obtain a licence from the dominion authority. As I understand it, regulations are being enacted on that point, and the question may be covered there, but I notice there is no reference in the bill itself to any rights on the part of an applicant to have his application reviewed or to appeal from a decision of the dominion authority should that decision be adverse. No reference is made to such a situation in the bill. In other words, in the absence of a provision showing that any conflict may be resolved by appeal, or that a person feeling himself aggrieved under this bill may have recourse to the courts, do you feel that any person so aggrieved would have the right to such redress?—A. I do not think he should have a right to appeal to the courts unless he were to go there on some legal question. For example, he might complain that he did not get a hearing, or that the minister had not dealt with his application fairly from a legal point of view inasmuch as he did not give him a chance to be heard, or something of that kind. I do not think the discretionary power of the minister to refuse an application could be reviewed by a court.

Q. In other words you are resting your answer on the principle that so long as the minister's discretion is in fact exercised and his decision is in fact the result of the exercise of a discretion, there can be no appeal against the exercise of that discretion and it is only when the minister has in effect refused to deal with an application that the right of action rises?—A. That is correct.

Q. It may be that further questions should be deferred until we hear what is proposed to be put into the regulations. Obviously we shall all be concerned as to the outline of the conditions which must be met and which, having been met, will entitle an applicant to a licence.

Hon. Mr. LESAGE: What is your question? I would like to cover it if possible when I outline the principle.

Mr. FULTON: The object of my question is to try and establish what will be the rights of an applicant to obtain licences; what conditions are going to be laid down which he must meet.

Hon. Mr. LESAGE: That is what I am going to say on Tuesday. I will give you copies of my statement on that point on Tuesday.

By Mr. Green:

Q. Is it customary in legislation of this kind to name the department which is to administer the Act?—A. It very often happens that that is done, certainly, Mr. Green, as you know. My attention has just been drawn to the fact that you may have more than one department involved in this matter, in view of the fact that the powers conferred by the bill are pretty wide. But that is about all I can say on that point—that it often has been done to name the minister who will be responsible for the operations.

Q. It is usually done, is it not?—A. I think more often than not.

Q. Would it not be possible to have details of that kind written into the bill?—

Hon. Mr. LESAGE: As to whether the minister will be responsible for the issuance of the licences?

Mr. GREEN: Yes.

Hon. Mr. LESAGE: I shall take your request under advisement.

The CHAIRMAN: For the moment we have finished with Mr. Varcoe. As we have a good deal of ground to cover, and these officials from the Department of External Affairs have been waiting here for at least two days, I wondered if we could not start with them now and carry on with them for some time. Then we would need to meet only on Tuesday afternoon, because the committee rooms are busy. I wish to express the thanks of the committee to Mr. Varcoe.

Mr. M. H. Wershof, Legal Adviser, Department of External Affairs, called:

The CHAIRMAN: We have with us now Mr. M. H. Wershof, legal adviser of the Department of External Affairs, and Mr. E. A. Côté, chief of the American division of the Department of External Affairs. These gentlemen, Mr. Wershof in particular, are here to answer any questions that members may have concerning the effects in international law of the bill within the competence of the Department of External Affairs. If any member has any questions along these lines regarding the implications in international law of the bill itself, this is the proper witness.

Mr. HERRIDGE: Mr. Chairman, I shall start the ball rolling with this question. Supposing a federal power authority on the Columbia, such as the Bonneville Power administration, is likely to become part of an agreement between a company and the government of British Columbia, would that federal agency of the United States consummate such an agreement that would be related to this bill, as a matter of fact, directly with the province of British Columbia, or would it result from the negotiations with the federal government?

The WITNESS: Mr. Chairman, I shall try to answer it, but it is not really a question of international law. In the first place, if the bill is passed, then the kind of contact that I understand the hon. member is referring to could not be carried out in Canada without a licence from the Canadian government given under this Act. Then, assuming that the Canadian government were willing to give the licence, it is a question of the technique by which an agency in the United States, a corporation which happens to be an arm of the United States government, would join up with various agencies in Canada, possibly the government of British Columbia and a private corporation. There are many ways in which it may be done. They might enter into a contract as between Bonneville Power and a private corporation, and the government of British Columbia. It is conceivable that it might be decided that it is so complicated

that it is better to wrap it all up in an agreement of some kind between the government of the United States and the government of Canada. There are really a large number of permutations that are possible in a situation like that.

By Mr. Stick:

Q. Any representations coming from the American government would have to come to the federal government here? The American government could not deal with one of the provinces directly?—A. The American government is supposed to deal with the federal government in Ottawa, but the Bonneville Power Corporation, although it is, as I understand it, owned by the United States government, is a corporation. I would not at the moment be prepared to say that it would be contrary to international law or custom for the Bonneville Power Corporation to make a contract with somebody in Canada other than the federal government in Ottawa. It may be that the contract would be ineffective for one reason or another, including the fact that somebody in Canada had omitted to get a licence under this bill, but I should not think that it would be contrary to international law or diplomatic custom for a corporation in the United States which happened to belong to the U.S. government to make a contract with a corporation in Canada, for example. I have never heard of a case like that, but at the moment I do not think that it would be contrary to international law.

Q. They could make a contract with a corporation in Canada, providing it did not contravene the treaty which comes under this Act of 1909. Then they would have to come to the federal government, would they not?—A. If what they want to do comes within the purview of the 1909 treaty, then whoever is doing it, depending on where the act is being done, would have to make an application to the International Joint Commission, and before making that application they have to go to their own federal government in order to get it there.

Q. Through their branch of the International Joint Commission to ours, if it affects our waters?—A. Without knowing the kind of work that it is and the kind of water that it is and the kind of transaction, perhaps I had better not go any further and say anything about a hypothetical case, as to how it would be done. It is perfectly clear that if anybody wants to do anything covered by the treaty, he has to obey the treaty. Anybody in Canada who wants to do anything covered by this Bill if it becomes law, will have to comply with the provisions of the law.

MR. BYRNE: I am wondering if the witness could tell me if such a situation would cause international complications and yet leave powers vested in the provinces. Under clause 3 this Bill provides that "the Governor in Council may, for the purpose of developing and utilizing the water resources of Canada in the national interest, make regulations." If the amendment proposed by the minister were adopted, that is, excepting works which are solely for irrigation, domestic or sanitary or other similar consumptive uses, as long as such works do not have the effect of giving benefits outside Canada, that would mean excepting this. I am not proposing that this be done, but I am just exploring the possibility of leaving more of the rights within the province, if that would safeguard our national interest at the same time, leaving the right of the province to divert or do anything that would consume the water, whether it is being consumed for power purposes or irrigation.

THE WITNESS: With respect, I think that is really a question of policy. If the question is, would such an amendment in any way get Canada involved in a breach of her international obligations, I think the answer is "No." The amendment does not break international obligations, but as to whether it is a wise amendment, of course, that is not for me to express an opinion on.

By Mr. Fulton:

Q. Mr. Chairman, may I ask the witness some questions with respect to the suggested Columbia river diversion into the Fraser. General McNaughton said that some 15 million acre feet a year of what I understood him to say would be water surplus to the requirement of power development on the Columbia itself in Canada, could be diverted into the Fraser. Would that in the opinion of Mr. Wershof give rise to a claim on the part of anyone in the United States, individual, corporation or government, who was adversely affected by that diversion with respect to the physical use by him of the water in the Columbia river below the border?—A. Well, Mr. Chairman, I will do my best to answer that, but the plain fact is that article 2 of the Boundary Waters Treaty is pretty difficult to understand. Fortunately, none of us had a hand in drafting it; I was born in 1909; and there has not been a lawsuit brought in either country pursuant to article 2 of the treaty since it was made. However, as a lawyer I think it would be interesting to see a lawsuit to see what would happen, but perhaps it is a tribute to the common sense of people in both countries that there has not been any lawsuit.

In a hypothetical case, if the proper authority in Canada—whoever it is—who owns the water diverts water from the Columbia into the Fraser having received a licence to do so under this Act—I will not say who is to do the diverting—but if somebody in Canada diverts water from the Columbia into the Fraser of course the first difficulty is to know how much they are diverting and whether the amount they are diverting will really have an effect on a vested interest which somebody in the United States downstream already has. If they are just diverting surplus water presumably there is no damage.

Q. My question is based on the assumption that the amount of water diverted affected in a measurable physical sense the use which could be made of the water below the border.—A. Could be made in the future or actually is being made today?

Q. Let us take it first with respect to a use which is being made of that water below the border today.—A. In the hypothetical case, if somebody in Canada diverts the water from the Columbia, waters which is now allowed to flow into the United States and is in fact being used today in a power development in the United States or an irrigation development, something actually used, then I say under the treaty, Canada has a perfect right vis-a-vis the United States under the treaty to make the diversion. (By Canada here I mean the whole country, the federal government or other entities). It would not be a breach of international law for Canada to make or allowed to be made this diversion. Whether it is a wise or friendly thing to do is another matter, but we do have a perfect right in international law to make the diversion. Having made it, if that diversion were taking away water which in fact is being used by somebody in the United States and causing him damage, then that person would have the benefit of article 2 of the treaty and the section of the Canadian Statute of 1911. Frankly at that point it become a little hard to know how far he would get. His theoretical right is perfectly clear. He could bring an action in Canada under the treaty against whoever did this deed and his action would get him as far as a similar action would get a Canadian downstream between the works and the boundary who was seriously affected. If we could imagine that at a point between the diversion and the boundary certain Canadians in Canada have certain works already in existence similar to the one in the United States, well if that Canadian in Canada who is having some of that water taken away from him is able to maintain a lawsuit and win it against whoever is doing the diverting, then what the treaty says and what our

federal statute of 1911 says is that a person in the United States who is having his water taken away has exactly the same right which he would have if it were being done to him in Canada.

In other words, if his existing work is five miles below the border, let us imagine that it is five miles above the border in Canada. Any lawyer can figure out what kind of a law suit he could successfully bring, and where he could bring it, against somebody for damages which he thinks have been done. All we are obliged to do by the treaty is to make sure that the American who thinks he is injured is allowed to bring the same kind of law suit and presumably get the same kind of damages.

Q. Your answer proceeds on the basis that the American has a right of action in Canada only if the injury done to him in the United States would be regarded by Canadian law as being an injury recognized by Canadian law, if done to a Canadian in Canada?—A. Yes sir, that is my understanding of article 2 of the treaty, and of the section in the 1911 Act.

Q. The confusion which arises in my mind results from article 2 and arises out of the words which provide that where the person on our side diverts waters, he has a perfect right to do so. But where that diversion results in any injury on the other side of the boundary, then it shall give rise to the same right, and entitle the injured party to the same legal remedies as if the injury took place in the country where that diversion occurred. It seems to me that what is said is that where the injury takes place in the United States, then the American will have the same right or remedy as a Canadian would have if that injury had taken place in Canada.

Surely then we must look at the question of whether or not it is an injury in the United States under United States law. If in fact, either in the physical sense or only in the eyes of American law, that person is injured in the States, surely the words of the section mean that he has the right to go into a Canadian court, even though that injury would not have been regarded as an injury under Canadian law, because of the use of the words "any injury on the other side of the boundary". It does not say any injury which is recognized by Canadian law, but "any injury on the other side of the boundary".—A. Article 2 is certainly open to many arguments. But with all respect to the hon. member I do not agree with his interpretation. I agree with the interpretation which I think Canada has put on it. Anyway, it is the interpretation which our department holds, as I have said.

The person in the United States would have to imagine that his installation was five miles north of the border. The cause of action would lie against whoever is doing the diverting.

Q. Do you say there has to be an injury not only in a physical sense but an injury recognized by Canadian law before the American would have any right in the matter?—A. No such case has gone to court in the fifty years of the life of that treaty; and until a case gets to court, nobody can be quite sure what it does mean.

Q. I fully respect your opinion and I understand your difficulty. But I did understand General McNaughton—though I appreciate he was not giving a legal opinion; indeed as somebody said he was scrupulously avoiding giving a legal opinion—as I say, I did understand that General McNaughton gave evidence to the contrary effect, but if you say his evidence was in line with yours, then I accept that.—A. I have not at the moment got General McNaughton's evidence in front of me. He covered in a magnificent way the very wide range of the treaty and the method of its operation. I have discussed this with him on many occasions and, if I may put myself on the same plane as General McNaughton for the moment, to the best of my knowledge he and I had no divergence of views on the meaning of article 2.

Q. Have any cases similar to the hypothetical but very clear case we have outlined here, come before any International court or any other court, to the best of your knowledge, which might serve as a useful precedent in our courts?

—A. I have not come across such a case. In fact I am not aware of the existence of any treaty elsewhere in the world which contains anything quite like article 2. Maybe there is one, but I would be surprised if there were. It really is an amazing type of neighbourly treaty relationship under which we say in effect: we have a right to do certain things in Canada, but if that should injure any taxpayer in the United States he may come into the Canadian courts and have as much chance of success as a Canadian five miles north of the border would have.

We were dealing just now with a case of an injury in the physical sense to a use presently established. Would the same opinion you have given in that field cover injury to the potential future use of water—A. More so, in my opinion, if Canada diverts "surplus" water. Anything which affects the flow downstream is in fact "use" in my opinion. Even if the man could come up to court here, I do not think that he would be able to find anything resembling a cause of action because he would not be able to say: "Canada was diverting water which I was using." We have looked carefully through the documents which surrounded the preparation of this treaty, and there is no doubt as to what the plenipotentiaries had in mind when they were making it. They were asserting the right of each country to divert and use in its own country water which would otherwise, if it were not interfered with, flow into the other country.

Q. Let us look at the reverse of the picture across in the United States. A dam is constructed below the border, and water is backed up into Canada. The position there, as I understand, on the basis of your opinion, is that unless a similar flooding in the United States would have given rise to a legal cause of action in the United States, a Canadian who may be affected has no right of recourse to the American courts—A. That was not my intent. I was referring only to cases of diverting water which would otherwise flow down into the United States. Article 2 has nothing to do with the case. Take the Columbia river where it is flowing down into the United States. Under article 2 Canada may divert water on the Canadian side which would otherwise flow into the United States, but if the United States wishes to build a dam on the Columbia river where it is flowing southward, that is an entirely different situation which is not covered by article 2 but by article 4. The United States agency could not do that without going to the International Joint Commission for permission. The doctrine which I have been talking about relates only to the case where we do the work in Canada.

Q. In connection with the suggested Columbia diversion which I imagine would have pretty far-reaching effects in the United States, has that been discussed—along with questions of the existence or the absence of legal rights—with the appropriate officials in the United States?—A. I believe the answer is no. The United States were told as a matter of courtesy when the appropriate sum was put into the estimates to provide for a study of the project.

Hon. Mr. LESAGE: That was when the Treasury Board approved putting a quarter of a million dollars into my estimates for the study of the problems of the diversion.

The WITNESS: As I understand it, nobody in Canada has decided that there is going to be such a diversion. Some people, great experts among them, have thought it would be a good idea, and others do not think so. As a courtesy to the United States government we told them, I think, before the estimates actually came out, so that they would not be surprised when they read it in the newspapers, but we have not discussed the diversion with them. I really do

not know, if and when the Canadian government decide that the diversion is going to take place, whether the Canadian government would first discuss it or whether the United States government will wish to express an opinion. But the legal right of Canada to make the diversion is one point on which I and, I believe, my department are quite clear on, with regard to our rights under the treaty.

By Mr. Fulton:

Q. Let us take another case, which would arise if the diversion were put through and it were actually to affect physically the use of the water on the United States side for irrigation purposes—and you will understand that they presently use the Columbia waters extensively for irrigation purposes. Do you know whether, if a similar injury took place in Canada, it would give rise to a right of action, so that an American affected on the other side would have a right of action in our courts?—A. It becomes a question of the interpretation of the British Columbia Water Act, in which our department is not really competent. I am not at all certain that there would be a course of action, but I am not competent to give a useful opinion on that.

Q. Apart from British Columbia officials, can you suggest anyone in whose field that would definitely fall here from whom we might get that information?—A. Unless there is something in British Columbia law—because that is the place where the diversion would take place—the Act says that the American will sue in the Exchequer Court, but, as you well know, being a lawyer, just telling him to go to the Exchequer Court does not give his cause of action. His lawyer has to figure out what the law in Canada is under which he is complaining.

MR. FULTON: But there is an old adage that where there is a remedy there is a right?

HON. MR. LESAGE: It may be the other way around.

MR. STICK: I understand from General McNaughton that the surplus waters which we have and which we store, we can use as we wish without contravening this treaty. Is that correct?

THE WITNESS: Yes, sir, if the water is not now being used, or even if it is being used in the United States, we can still divert it.

MR. STICK: I am talking about surplus water. I understand that the definition of surplus waters is waters which do not interfere with the natural flow of the river.

HON. MR. LESAGE: No. You are defining surplus waters?

By Mr. Stick:

Q. Yes. And this diversion from the Columbia into the Fraser, as I understand from General McNaughton, is only going to be used on the surplus water. If we use our surplus water, and it does not contravene this Act, we have a perfect right to do so, and that is the question that has been troubling this committee for three or four days. Now have we a perfect right to use surplus waters without contravening this treaty?—A. Mr. Chairman, I am sorry. The word "surplus" is being used by us in a different way than it is by the member.

Q. What is your definition of surplus water?—A. My definition roughly is water that is not now actually being used downstream either in Canada or the United States by an irrigation project, by a power dam or by something of the sort.

Q. I think that that is the point that General McNaughton brought up, that by erecting dams now to store this surplus water the United States would not under this treaty have any right to come back at us for compensation?—

A. Having that surplus water, we could put that surplus water from the Columbia into the Fraser without contravening the treaty. That is the idea that General McNaughton gave, anyway, that we would have a perfect right to use that surplus water.

Q. For instance those waters are not being used now in the United States, and if we build dams and store up surplus water we have a right to use that without contravening the Act.—A. If the water is not being used now Canada in my opinion has a perfect right to divert it. Even if the waters are being used now Canada has a right to divert them, but if we do it might be not only an unfriendly and unneighbourly act, but also might expose somebody in Canada to some kind of a lawsuit in the Exchequer Court.

Q. I also understood from General McNaughton that in this proposed scheme our friends south of the border had been told about it and they also had been told about these proposed dams which had not been decided upon yet.

The CHAIRMAN: The witness would not know that.

Mr. STICK: Surely they were told of our proposed operations.

The WITNESS: Our department has not told them that the Canadian government has a policy of constructing such dams. We know the government is planning to make a study and we told the Americans that parliament is going to be asked to authorize the study.

By Mr. Stick:

Q. I understand that the Canadian section of the International Joint Commission have notified the Americans in the International Joint Commission of our proposed plans which may or may not take place.—A. I am afraid that the only answer which I can give is that I have no doubt in the International Joint Commission the two sections talk to each quite freely and it might well be that General McNaughton has told his American colleagues of the different ideas either he or other people in Canada have in mind, but that is not the same thing as the Canadian government's intentions, which have not been formulated, being transmitted.

Q. I am under the impression, rightly or wrongly, if we store up surplus water that we have a perfect right to use it as we wish. That is the question which is bothering me and other members of this committee. It is this surplus which I understand is going to be diverted, not the general flow, and it is a surplus which we will store up by building new dams, and by doing that and taking it from the Columbia, the surplus water, and putting it into the Fraser it is going to be of great benefit to Canada and will not be contravening the treaty.

Mr. JUTRAS: I have a question on that very point. If we have the right to do whatever we like with the water inside Canada, and I take it that we do have the right to do whatever we like with the water in Canada—I am thinking more in terms of a river flowing the other way—

The CHAIRMAN: Are you asking the witness a question or are you declaring your views? Please ask your question.

Mr. JUTRAS: I want to know in respect of the question which was raised by Mr. Green and the others whether we have a full right to do whatever we like with waters in Canada of a river flowing south?

Mr. STICK: South where?

By Mr. Jutras:

Q. To the United States. Take the Columbia; I understood General McNaughton to say that in the case of the Columbia flowing into the United States the upstream state may divert the flow of a river, in whole or in part, while it remains within its territory.

He said that the upstream state may divert the flow of the river in whole or in part while it remains within its territory. I take it from that he means that as far as the portion of the river is concerned which is in Canada, we can do whatever we like with that water; and we can even shut it off at the boundary.—A. My answer is that as far as international law goes, and as far as our rights under the treaty are concerned, Canada has the right to divert water in Canada in a river which would otherwise flow across the boundary, subject only to what is said in article 2, that if in taking the water we cause an injury to somebody in the United States, then that downstream person in the United States shall have a right of action in a Canadian court, the same kind of right of action he would have if he was a downstream Canadian.

Q. I am thinking of a river flowing north over the American border. I am thinking of the Red river in Manitoba. Our Red river runs up north and there are times in the year when it is very low. It is conceivable that the Americans could block the Red river entirely if they wished. Could they do that?—A. Article 2 is for the benefit of both governments. I think that article 2 means that the United States has just as much right under it as we have.

Hon. Mr. LESAGE: The Americans have done it twice, and they are still diverting the Chicago river.

The WITNESS: I am informed that there has been some diversion in the particular river you mention. But if you take the reverse case of a river flowing from the United States into Canada, then what is international law for us is international law for the United States. Whether it was a wise thing to put it in the treaty in 1909 is open to debate; but that is what the treaty says.

Mr. GOODE: You did mention an unfriendly act.

The WITNESS: That has importance but is another matter.

Hon. Mr. LESAGE: Could I give them on Tuesday the two instances of diversion by the United States?

The WITNESS: The minister says that when he speaks on Tuesday he can mention two examples of diversion which have been made in the United States in rivers which were flowing into Canada.

Hon. Mr. LESAGE: One was Chamberlain lake in the State of Maine, where the waters of Chamberlain lake were reversed to flow into the Penobscot river which flows through Bangor, Maine to the ocean. The natural discharge of that lake was to the St. John river system in Canada through the United States first and then in New Brunswick.

Mr. JUTRAS: Was there any compensation paid to the people?

Hon. Mr. LESAGE: There was no compensation and no claim for compensation.

Mr. JUTRAS: Were the people along the river affected by it?

Hon. Mr. LESAGE: It was and still is in the middle of a forest.

Mr. JUTRAS: A case like our river is an entirely different proposition.

Hon. Mr. LESAGE: It was done without consultation.

The CHAIRMAN: Now, Mr. Byrne.

Mr. BYRNE: I could clear up the question very nicely regarding what the American would do in that regard if I were allowed to ask a question about the order of approval made by the International Joint Commission when they approved the Waneta project. Could you answer that?

The CHAIRMAN: Please ask your question and the witness will then answer.

By Mr. Byrne:

Q. In order of approval which was required for the erection of the Waneta dam—the river flowed over a small portion of the United States—that is, the state of Washington—did the American section of the International Joint Commission require that in that order of approval there should be written a clause reaffirming their right to divert the entire Pend d'Oreille river before it came into Canada?—A. Mr. Chairman, I do not know whether I can answer all that. The actual application was not the kind of case covered by article II at all. It was an application to the commission under article IV because at that point the river was flowing from the United States into Canada.

Q. To back another stream?—A. The application itself has nothing to do with Article II. Perhaps in the course of the proceedings the United States asserted its right to divert waters flowing into Canada. We could find that out. I can only repeat that article II says what it says and if there is a river flowing from the United States into Canada, then under article II the United States shall have the right to divert water before it reaches Canada subject only to the provision whereby injured people on the other side of the border may find redress in certain circumstances in the courts.

Q. The two problems are unrelated?—A. I am informed that the American section did insist on reciting in that order something not directly concerning the Waneta application. They were reserving their rights under article 2 to make any diversion which they might wish to make in future on the Pend Oreille river, which flows into Canada.

By Mr. Lusby:

Q. I think that you have said that the upstream country has unlimited right of diversion. Does that exclude the right of a person down stream who is injured to obtain an injunction?—A. That really is a difficult question. I take it the hypothetical case you are making is one where the upstream state is going to divert water which is now being used lower down and which would otherwise flow down, across the border, and therefore an injury is being done. Article II says the injured party can have the same legal remedies as if such an injury took place in the country where the diversion took place. The answer given by the Act is that if somebody can prove in the Exchequer Court that any similar injury to a downstream Canadian five miles north of the boundary would entitle such a Canadian to certain remedies, then the downstream American has these remedies. He has the same right of action as would be open to a Canadian. But if a Canadian cannot sue for an injunction an American would not be able to sue for an injunction.

Q. But if the right of an injunction did exist, the right of diversion is not absolute. The injunction would overrule the right of the upstream country to divert, or the right of the injured person downstream to claim an injunction would be worthless, assuming he would have such a right under the law.—A. May I read the words of the treaty—and I repeat that until a case comes into court and we can see what the local law looks like this is a matter of guess work and anybody's opinion may turn out to be wrong. The article says that each country can divert the water on its side which would otherwise flow across the boundary or into boundary waters. I quote: "It is agreed that any interference with or diversion from their natural channel of such waters on either side of the boundary, resulting in any injury on the other side of the boundary, shall give rise to the same rights and entitle the injured parties to the same legal remedies as if such injury took place in the country where such diversion or interference occurs."

Those are the words, and no lawyer is in a position to add to them, and what eventually the exchequer court of Canada would say those words mean

is for that court to decide. I would not rule out the possibility of an injunction if that theoretical possibility were available to a Canadian downstream on the Columbia.

Mr. GREEN: I should like to ask Mr. Wershof a question relating to the mechanics for reaching agreement on downstream benefits. Great importance was placed by General McNaughton on Canada getting from United States plants producing power downstream compensation in the shape of power. I am wondering how those agreements would be worked out. Would you have a treaty between Canada and the United States covering those benefits? What would be the procedure used to provide that that power would come back to Canada?

The WITNESS: I shall try to give a brief answer, but there again we are in a speculative field. We have not got that far. It seems to me that there are two ways in which downstream benefits could be arranged, if we get to the point where the United States government and the Canadian government see things in exactly the same way. One possibility would be to have an international agreement possibly relating to everything on the Columbia. I am not saying that that would be a good thing, but that would be one way to do it. If the governments knew exactly what they wanted to do on the Columbia, they might make a big agreement that dealt with the whole Columbia river and provided for the downstream benefits that would be returned to Canada in the form of power.

Another possibility would be this. Suppose that there is a particular project. There happens to be one application pending before the International Joint Commission, and that is the Libby dam. A United States agency which, I think, is in fact a branch of the United States government, has applied through the United States government to the International Joint Commission under Article IV. That has nothing to do with Article II. They have applied to the commission under Article IV for permission to build Libby dam in the United States. The reason why they have to get permission to do that is that it will back the water up in Canada. Therefore under Article IV they have to get the approval of the commission. The Canadian government and also the British Columbia government, in what are called the Statements of Response to the commission, (like a statement of defence in a court action) have made it perfectly clear that we will be opposed to the granting by the commission of approval, unless in the order of approval provision is made in a manner considered equitable by the Canadian government and the British Columbia government for a certain share of the power to be returned in effect at cost price to somebody in Canada. In that particular project, I should think that it is theoretically possible, if everybody were agreed on what they wanted to do, for the commission to put all of that into the order of approval. That would then become one of the conditions of the order of approval. If they then go ahead and build Libby dam pursuant to the order of approval, they would be legally bound to do what the order said. If that order said that they would have to return a certain share of the power to Canada at cost, they would have to do it. The application in that case is actually made by the United States corps of engineers; in other words, a branch of the United States government itself.

To sum it up, you could say that in a particular case, it could be done by putting it in the order of the commission if everybody could agree on the merits. Or it is theoretically possible that the day may come when the two federal governments will wish to make a big international agreement providing for all kinds of things in the Columbia. I wish to repeat that our department is not at the moment advocating that. I merely point out that as a possible way of doing it.

The CHAIRMAN: We shall next meet on Tuesday afternoon at 4.00 o'clock. That is the only time when we can obtain a room. Committee rooms are very scarce as you know and we are getting this room again at 4.00 o'clock on Tuesday afternoon and the minister will be available together with some of his experts, and we would like if possible to sit also the same evening at 8.00 o'clock because on Wednesday there will be only one sitting. We would like to have two sittings on Tuesday at 4.00 o'clock and 8 o'clock, with the minister and his experts.

I wish to thank Mr. Wershof for his cooperation and his help.

Canada: External Affairs
Standing Committee on, 1955

HOUSE OF COMMONS

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Second Session—Twenty-second Parliament,
1955

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STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE
No. 7

Bill No. 3, An Act respecting the Construction, Operation and Maintenance
of International River Improvements.

TUESDAY, March 22, 1955.

WITNESSES:

Honourable Jean Lesage, Minister of Northern Affairs and National
Resources; Mr. Maurice Lamontagne, Assistant Deputy Minister; Mr.
T. M. Patterson, Chief, Engineering and Water Resources Division;
Mr. John C. Davis, Associate Director, Economics Research Division,
Department of Trade and Commerce.

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. Philippe Picard, Esq.,
and Messieurs

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Diefenbaker		Stuart (<i>Charlotte</i>)
Fulton		Studer—35.

Antonio Plouffe,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, March 22, 1955.

(9)

The Standing Committee on External Affairs met this day at 4.00 o'clock p.m. in Room Sixteen. The Chairman, Mr. L. Philippe Picard, presided.

Members present: Messrs. Balcer, Barnett, Bell, Breton, Byrne, Cannon, Crestohl, Croll, Fulton, Garland, Gauthier (*Lac Saint-Jean*), Goode, Green, Herridge, James, Kirk (*Shelburne-Yarmouth-Clare*), Low, Lusby, MacKenzie, Macnaughton, McMillan, Montgomery, Patterson, Pearkes, Regier, Stick, Stuart (*Charlotte*) and Studer. (29)

In attendance: Honourable Jean Lesage, Minister of Northern Affairs and National Resources, Mr. Maurice Lamontagne, Assistant Deputy Minister, and Mr. T. M. Patterson, Chief, Engineering and Water Resources Division; Mr. C. K. Hurst, Engineering Adviser, International Joint Commission; Mr. John O. Davis, Associate Director, Economics Research Division, Department of Trade and Commerce.

The Committee resumed its study of Bill No. 3 and the proposed amendments thereto.

The Minister of Northern Affairs and National Resources tabled the following amendments to Clause 7 as revised and printed in Bill No. 3, namely:

by deleting the word "or" at the end of paragraph (a) and inserting the word "or" at the end of paragraph (b) and adding the following new paragraph:

(c) constructed, operated or maintained solely for domestic, sanitary or irrigation purposes or for other similar consumptive uses.

Mr. Lesage also read an outline of principles intended to form the basis of regulations respecting International River Improvements. Copies of this outline were distributed.

Mr. Lamontagne was called and read a statement in the record on the implication of Bill No. 3.

Messrs. Lesage and Lamontagne were questioned.

Messrs. Patterson and Davis supplied answers to questions specifically referred to them.

It was agreed to communicate the revised Clause 7 to the Provincial Governments.

At 5.45 o'clock p.m., the division bells having rung, the Committee adjourned until 8.00 o'clock p.m. this day.

STANDING COMMITTEE

EVENING SITTING

TUESDAY, March 22, 1955.

(10)

The Committee resumed at 8.00 o'clock p.m. The Chairman, Mr. L. Philippe Picard, presided.

Members present: Messrs. Balcer, Barnett, Bell, Breton, Byrne, Cannon, Cardin, Crestohl, Fulton, Garland, Gauthier (*Lac Saint-Jean*), Goode, Green, Herridge, James, Jutras, Kirk (*Shelburne-Yarmouth-Clare*), Low, MacKenzie, Macnaughton, Montgomery, Patterson, Pearkes, Regier, Stick and Stuart (*Charlotte*). (27)

In attendance: Same as at the afternoon sitting.

Mr. Herridge raised a question of privilege in respect of an article which appeared in the Nelson Daily News of Wednesday, March 16th, headed "Kaiser Dam Plan defended before Associated Boards."

The Committee continued its examination of Bill No. 3.

Messrs. Lesage, Lamontagne, Patterson and Davis were examined at some considerable length.

At the suggestion of the Minister of Northern Affairs and National Resources, it was decided to hold one further meeting before hearing representations from provincial governments.

At 10.15 o'clock p.m., the Committee adjourned to the call of the Chair.

ANTONIO PLOUFFE,
Clerk of the Committee.

ORDERS OF REFERENCE

MONDAY, March 14, 1955.

Ordered—That the name of Mr. Barnett be substituted for that of Mr. Jones on the said Committee.

TUESDAY, March 15, 1955.

Ordered—That the name of Mr. Goode be substituted for that of Mr. Applewhaite; and

Ordered—That the name of Mr. Regier be substituted for that of Mr. Mac-Innis on the said Committee.

LEON J. RAYMOND,
Clerk of the House.

EVIDENCE

MARCH 22, 1955

The CHAIRMAN: Gentlemen, we have with us this afternoon the Minister of Northern Affairs and National Resources together with experts from his department. I will immediately give him the floor and he will introduce the people who are with him and will decide in which way the briefs he has with him should be presented.

I would ask your cooperation in not interrupting while the briefs are read and the discussion can be opened after we have finished hearing the briefs presented by the officials.

Hon. JEAN LESAGE (*Minister of Northern Affairs and National Resources*): Mr. Chairman and gentlemen, I have with me this afternoon Mr. Maurice Lamontagne, Assistant Deputy Minister, Northern Affairs and National Resources, Mr. T. M. Patterson, Director, Engineering and Water Resources Branch, Department of Northern Affairs and National Resources, and Mr. John C. Davis, Associate Director, Economics Research Division of the Department of Trade and Commerce.

I wanted to suggest, gentlemen, if it meets your convenience, that I just put on record the wording of the amendment that was discussed the other day, an amendment which would have the effect of adding a third category to exclusions from the operation of the Act. Then I would like to give an outline of the principles which are intended to form the basis of the regulations respecting the international river improvements and then I would call on Mr. Lamontagne to give you some comments on certain economic aspects related to the bill.

I wanted to suggest that since these briefs are quite short that I would read mine, then Mr. Lamontagne would read his and then with the witnesses who are with me this afternoon that we would be open for general questioning on any aspect of the bill, if that suits the convenience of the committee.

The CHAIRMAN: Is that procedure agreeable?

Agreed.

Hon. Mr. LESAGE: As to the wording of the amendment, I would suggest at this point it should be printed in the report of the committee in the terms in which it is on the papers that have been distributed to you a few moments ago.

It is proposed to amend the revised clause 7 as follows:

By striking out 'or' at the end of paragraph (a), inserting 'or' at the end of paragraph (b) and adding the following paragraph:

(c) constructed, operated or maintained solely for domestic, sanitary or irrigation purposes or for other similar consumptive uses.'

This would be an additional amendment to the amendment appearing on the reprint of the bill. You will have noticed that certain limitations that I mentioned the other day when I proposed the principle of the amendment in my own words are not in the formal wording which I present now. After discussing with the officials of Trade and Commerce, the officers of my depart-

ment, General McNaughton and his experts, and with the law officers of the Crown, we all have come to the conclusion that we would still achieve the objective of the bill without these limitations.

May I give you an outline of the principles which are intended to form the basis of regulations respecting international river improvements?

Would you have that paper distributed so the members can follow it at the same time as I am reading it?

An outline of principles intended to form the Basis of *Regulations
Respecting International River Improvements*

A. *Conditions of eligibility*

To be eligible for licencing, the construction and operation of international river improvements must be designed for the purpose of developing and utilizing the water resources of Canada in the national interest.

The national interest is interpreted as requiring that

1. A project is compatible with present and future water requirements of the country.
2. There is no better alternative development of the water resources at the site envisaged by the project.
3. The project is not incompatible with the optimum development of the whole watershed, with desirable interbasin transfers and with an effective co-ordinated system of power transmission.
4. The unfavourable effects of the project on flood conditions and on the various uses of the water resources are minimized.
5. The benefits to be derived from the project are at least greater than its actual or potential disadvantages.
6. A licence has been issued under the authority of the Electricity and Fluid Exportation Act permitting the export of power if the project involves such an export.
7. If no effective use of the water resources can be made in Canada, the improvement executed in Canada to permit downstream utilization in another country must provide for benefits commensurate with the water resources thus made available. New vested interest thus created outside the country should be carefully considered and provision made that Canada can repossess herself of the resources thus made available at the end of a specific agreed period.
8. Projects involving the storage of water in Canada to regulate the downstream flow must provide for long-term arrangements with the United States or some authority designated on their behalf and for a reasonable share of the downstream power or for a fair return in real terms.
9. If, in order to launch a project in Canada, it is necessary to contract for the sale outside of Canada of a declining proportion of the Canadian share of downstream benefit power, then the sale of that power must be treated as an export of electricity and made subject to similar regulations as those pertaining to the Exportation of Power and Fluids and Importation of Gas Act.

B. *Content of the brief, which should accompany the application.*

An application for a licence must be accompanied by a brief covering the following points.

1. The location of the works and the type of improvement.
2. To what extent it is intended to alter the natural flow.
3. How and to what extent the actual or potential use of water outside Canada is affected.
4. Does the improvement provide for the optimum use of the water resources at the site and on the whole watershed.
5. To what extent any possible unfavourable effects of the improvement on flood conditions and on various uses of the water have been minimized.
6. The economic advantages and any disadvantages of an improvement should be described. Such a description should cover actual and potential, direct and indirect effects, including, especially the cost of the improvement and the price at which its benefits will be made available.
7. If the improvement is designed for the production of power outside Canada or inside the country but with the intention of exporting that power, a copy of the formal agreement must be attached to the brief. It should also be indicated why it is not possible to make an effective use of these resources in Canada.

C. *Issue, Suspension and Cancellation of Licences*

1. Licences will be issued for a maximum period of 50 years and may be made renewable with the consent of both parties.
2. The terms of a licence will cover the physical and economic conditions under which the improvement must be constructed, operated and maintained.
3. The terms of a licence may be revised before its expiration at the request of the applicant.
4. At anytime during the existence of a licence the Minister or his official representatives can inspect the improvement and require information from the licensee in order to see if the terms of the licence are respected.
5. If the licensee does not comply with the terms of his licence, the latter will be suspended by a formal notification of the Minister. The licensee will then be given a specified period of time at the end of which the licence will be cancelled if he has not succeeded to operate and maintain the improvement in conformity with his obligations.
6. Persons operating and maintaining already existing improvements will be granted a temporary licence automatically on the presentation of their brief and such a temporary licence will be valid until the Minister finally decides on the merits of the case after careful consideration of the brief.

D. *Fees*

No fees will be prescribed for the issuance of a licence under this Act.

E. *Exemptions*

1. Improvements which would not involve a permanent structure and which would be of a temporary character.

2. Improvements which would be of a minor character considering their effect on the flow and on the use of the water outside Canada.

3. Other types of improvements to be decided on an "ad hoc" basis.

4. Persons wishing to be exempted from the operation of this Act can apply for such an exemption. The brief which must be submitted may be limited to the first three points indicated in section B and to the reasons justifying the exemption.

Now, gentlemen, just before I give the floor to Mr. Lamontagne I just wish to draw your attention again to the fact that this is not the wording of the regulations but only an outline of the principles which we think should be the basis of the regulations.

Mr. MAURICE LAMONTAGNE (*Assistant Deputy Minister, Department of Northern Affairs and National Resources*): Mr. Chairman, if Bill No. 3 is accepted by parliament, its application will require an economic appraisal of the river improvements which it is intended to cover. The Minister of Northern Affairs and National Resources has just made available for distribution an outline of principles intended to form the basis of regulations respecting international river improvements. This outline is presented in general terms and of course without reference to any particular case. It has been thought that it might be of interest to the members of the committee if some of the economic questions which are likely to be raised in applying the proposed legislation were related to the specific problems of a particular area.

Although it is clearly understood that the bill is intended to be of general application throughout Canada, southern British Columbia has been chosen for this case study partly because of the particular importance of the problems that are likely to be raised in that area, partly because General McNaughton has already described to the committee the physical features of the area.

When future plans for the development of the Columbia River basin are discussed, it should be borne in mind that the United States Pacific northwest and southern British Columbia have some similarities and differences. They may have similar raw materials, similar industries and, in certain fields, the same markets. They may also depend on the same dynamic factor, that is cheap hydro-power for their industrial development.

However, the two regions differ in two important respects. First, the Pacific northwest has reached a more advanced stage of industrial development than British Columbia with the result that the cheapest sources of power under its immediate control are already developed and that cheap power is becoming a scarce factor which is already limiting economic development. Secondly, the Pacific northwest is protected and favoured by the American tariff which means that British Columbia products must be manufactured at a lower cost to compete on the American market.

Thus, it is important to review the respective position of the two regions with respect to power in order that we in Canada may visualize the economic future of southern British Columbia and to see what are the alternative plans to develop its resources.

Dr. W. A. Pearl, administrator of the Bonneville Power Administration has recently reviewed the power situation in the Pacific northwest. First, he briefly indicated the importance of power in the region's economic development.

... A large proportion of Columbia River power is sold directly to industry. In the last fiscal year, for example, Bonneville sold almost 9 billion kilowatt-hours to its industrial customers and derived over \$18 million in revenues. This was 47 per cent of all BPA power sold and 42 per cent of our total revenues. Thirty-four per cent of our power was sold to public agencies and 19 per cent to the private utilities.

The bulk of Bonneville's industrial sales go to the aluminum plants, and the remainder to a variety of industries, including pulp and paper, ferroalloys, chlorines, caustic soda and other chemicals. Incidentally, almost 40 per cent of the nation's aluminum is made with power from the Columbia River system. Industries served by Bonneville produced over \$300 million worth of metals and chemicals in 1953.

The electroprocess industries were attracted to the Pacific northwest because they could get large blocks of low-cost power from the Federal system. The industrial growth of the Pacific Northwest is closely tied up with the power supply.

Then Dr. Pearl went on to say that considerable additions will be made to the region's power supply in the next five or six years (McNary, Chief Joseph, The Dalles and four smaller ones on the tributaries) and that the Pacific northwest should be relatively free of power shortages for the remainder of this decade.

To explain what Dr. Pearl meant when he said that the region would be relatively free of power shortages, we must refer to his description of the rationing system which is presently applied in the region.

Much has been said about the limitation on new industrial loads written into the contracts of distributors of Columbia River power. Our contracts now provide that no new loads of 10,000 kw or more can be taken on in any one year without the Administrator's consent. This limitation is necessary in order to avoid a situation where one large plant might come into an area and pre-empt power needed for normal growth of residential consumers. In other words, the limitation is a protection, so that power will be available to meet normal load growth.

Recently the City of Port Angeles was given an additional 10,000 kw to serve the Crown Zellerbach plant. The Snohomish PUD is being given additional power to serve the Scott Pulp & Paper Company so it can double its capacity of paper production.

Other new industrial plants which need moderate amounts of power are coming into the Northwest. The Columbia River Chemical Corporation is planning an ammonia plant at Attalia, Washington. Its load may be somewhat less than 10,000 kw. Another and larger ammonia as well as a urea plant is proposed for the lower Columbia region.

I mention these instances only to impress upon you the fact that industries requiring medium amounts of power can secure them—and should be encouraged to locate in our region. They will contribute to the diversity and stability of our economy and provide important payrolls for a rapidly growing population.

It is quite true, however, that we will not be able to supply the increasing amounts of power which the large electroprocess industries are requesting. A company requiring 50,000 kw or more can only look to the Northwest if: (1) it finds a distributor willing to install capacity for his plant; or (2) it is willing to work out some arrangement whereby it contributes to the region's power supply. Additional power in large blocks cannot be served from the Federal plants now existing and under construction without jeopardizing service to other Bonneville customers.

This risk Bonneville is not willing to take.

Finally, Dr. Pearl deals with the future normal requirements of the region.

...When all the hydroelectric projects—Federal and non-Federal—now under construction are completed, the Pacific northwest will have 8,400,000 kw of installed capacity. Yet, that will hardly be enough.

Looking ahead twenty years—to about 1975—this region will need at least 9,000,000 additional kilowatts. And this does not take account of new electroprocess industries, such as aluminum, titanium and electrochemicals, which would like to locate here.

What are the implications of this situation? First, if new projects are not started in the next year or two, there will certainly be a power shortage in the early 60's in the Pacific northwest. During the next twenty years, the region will need at least 9 million additional kilowatts without taking into account the need of new electroprocess industries. Second, if new water resources are not made available from the outside, the period of low-cost power would seem to be nearly over in the region. During the next period, the cost of additional hydro facilities is likely to rise to a point comparable to that of steam generation. Finally, electroprocess industries are approaching the point of their maximum development unless other sources of cheap power are made available to the region.

The development pattern of regions having abundant sources of power is fairly simple. The first stage of development is characterized by the rapid growth of electroprocess industries which are attracted by cheap power. Communities are built around these industries which means increased requirements of power for domestic and commercial uses and the gradual development of the local consumers' market. The second stage of growth is characterized by secondary industries coming to the region to supply the heavy power-using industries with raw materials, equipment and services, to transform the products of those primary industries or to meet the demand for consumers goods. The secondary industries fulfil an important role in the region because they contribute to diversify and to stabilize the economy. Although individually they require medium or even small amounts of power, collectively, because of their number, they may use large quantities. In the third stage, the regional development is still characterized by the growth of secondary industries, but it does not depend any more on heavy power-using industries; it proceeds more or less on its own impulse and becomes autonomous. Power requirements continue to grow but new sources of power are less plentiful and are reserved to provide for normal growth. Power becomes scarce, its price increases and the region ceases to be an attraction for electroprocess industries, which must look for other possible sites.

This simplified description of a well-known regional pattern of development is sufficiently accurate to illustrate the problem facing British Columbia. While the Pacific northwest is rapidly approaching the third stage described above, southern British Columbia is still in the first stage where abundant sources of cheap power are available.

However, before those resources are developed, several questions must be answered. How would the total amount of power available be distributed between on-site and downstream power? At what costs and prices the power could be made available? Would these costs and prices be lower than those of alternative sources of power? What are likely to be the normal future power requirements of southern British Columbia? To what extent and under what conditions will it be possible to attract more electroprocess industries in the region? What are likely to be the direct and indirect benefits received by British Columbia if power is exported or, alternatively, if it is kept for internal use? Will those power resources be developed by private enterprise or by one government or through intergovernment collaboration? Before all those questions can be answered at the proper level, it seems that a basic point must be made clear: what is exactly the amount of power that can be made available in British Columbia under the various alternative plans of development and at what cost?

As the members of the committee know, the data concerning some specific projects are already available but the overall picture is still incomplete. In 1943, officials of Canada and British Columbia joined with representatives of the United States in drafting a reference which the two federal governments forwarded to the International Joint Commission in March 1944, requesting it to determine whether further development of the water resources of the Columbia River basin would be practicable and in the public interest from the points of view of the two governments. The commission appointed the International Columbia River Engineering Board to conduct the engineering investigation and the board's local and field organizations were arranged in each country. In Canada the arrangements incorporated facilities for British Columbia officials to participate in the investigation and meetings and to receive the results of all completed studies.

Since initiation of the investigation in 1944 the government of Canada has spent about \$3,000,000 on engineering studies in the Columbia river basin in Canada with a view to determining the most beneficial use of the waters of this basin on behalf of British Columbia and Canada. It is estimated that the field investigation will be completed by March 31, 1957, and the board's report by 1959. The investigation to date has covered various phases in all parts of the basin from the Flathead river to the Okanagan and Similkameen rivers. Considerable of the current effort is being directed at the development possibilities on the main stem of the Columbia.

The investigation on the economic feasibility of diverting water from the Columbia river into the Fraser river system has not yet been approved by parliament. If the money required to carry this investigation is made available, the results of the survey should be known toward the middle of 1956.

Once the potential of the Columbia river system has been assessed and recommendations have been made as to the carrying out of specific projects, both the United States and Canada will be free to exercise, commonly or separately, the rights retained and guaranteed under the Boundary Waters Treaty of 1909. For instance, should Canada find it in its interests to do so, the flood waters of the Upper Kootenay river could be diverted into the Columbia. They could then be utilized, through the full head of the Columbia for power development in Canada. Again, the flood waters of the Columbia itself could be diverted into the Fraser river basin. All these flood waters could then be fully utilized for stream regulation, power and other purposes in Canada. Very little is known about the economic feasibility of some of those projects at the present time, but if they prove to be economically possible, they will change very considerably the planning and the development of the whole Columbia river basin. Large sums of money are being spent on the physical and economic surveys which are now being made and it would seem unwise to proceed with actual development until their results are available.

The CHAIRMAN: Gentlemen, I think some questions were asked the other day by Mr. Fulton and Mr. Patterson on the matter which caused the minister to bring in an amendment this afternoon. Do either one of the two gentlemen wish to comment or shall we pass to the briefs now? Since the point was brought up I wonder if we could not clear this point although we are still in the primary stage and this will come up at a later time when we study the bill. If there are any comments today they might complete the record and put the views of the two members interested on the record.

Hon. Mr. LESAGE: As I say, I have submitted this amendment for the consideration of the committee.

Mr. FULTON: If I might just ask one or two questions, Mr. Chairman, on the proposed amendment. It seems to me without much opportunity for reflection to meet the points which were raised and therefore I want to repeat what

I said when the minister first outlined the decision of the government to consider and introduce such an amendment if possible. It is very much appreciated. The only question I have and I would like to ask the minister this: what consideration was given to including it in clause 2, which is the definition section, rather than in clause 7?

Hon. Mr. LESAGE: I discussed this with Mr. Varcoe the other day and Mr. Varcoe expressed the opinion that the exclusions should be all in the same clause, which is clause 7.

Mr. FULTON: The only point I had in mind is that there might be some room for conflict, I don't know. If you read clause 2 as it is, such an irrigation or domestic consumptive work would be by definition an international river improvement. Then it is true by clause 7 you except it from the operations of this Act.

Hon. Mr. LESAGE: That is right.

Mr. FULTON: Then by clause 9 you declare it to be a work for the general advantage of Canada. I understood you were going to take out the words "not excepted from the operation of this Act."

Hon. Mr. LESAGE: Yes, that was taken care of by an amendment that has been proposed by Mr. Varcoe. When Mr. Varcoe proposed to take out these words from clause 9 he recommended—

The CHAIRMAN: Mr. Varcoe proposed that in clause 9 delete the words "and not affected from the operation of this Act."

Mr. FULTON: That should be "excepted" should it not?

Hon. Mr. LESAGE: In clause 3 (d)—

Mr. FULTON: Yes, he was going to add certain words so it would read "excepting any international river improvements from the operations of clauses 4, 5 and 6," but then my point is that it does not except them from the operation of clause 9 and if you take out of clause 9 the words you have mentioned, "and not excepting from the operation of this Act," then are you not in a situation where by the breadth of your definition such an irrigation or domestic consumptive work would be an international river improvement? It is true that clause 7 says you do not require a licence or you do not have to come down here for an order in council excepting it by virtue of the amendment you are now making then it seems to me by taking these words out of clause 9 you are thereby declaring it to be a work for the general benefit of Canada.

Hon. Mr. LESAGE: I am just thinking aloud, Mr. Fulton. Don't you believe that all the exclusions in paragraphs (a), (b) and (c) as proposed cover works which are international river improvements but which will not be covered by the bill? They are all exclusions.

Mr. FULTON: They will not be covered with clauses 4, 5 and 6 of the bill.

Hon. Mr. LESAGE: No, pardon me. Clause 3 (d) deals only with those works which will be excepted by regulation.

Mr. FULTON: Yes.

Hon. Mr. LESAGE: While under clause 7 works covered in the three exclusions will be excluded from the entire operation of the Act.

Mr. FULTON: I see your point there.

Hon. Mr. LESAGE: "This Act does not apply."

Mr. FULTON: Therefore, none of it applies excluding clause 9.

Hon. Mr. LESAGE: No part of it applies. Clause 9 does not apply because "this Act does not apply". Clause 9 does not apply to the works excluded by Clause 7. That is my opinion. I want to be sure of what I am saying now and I believe that I should consult the law officers of the Crown.

Mr. FULTON: I see your point, and I think it is a good one. Would you, when consulting with them, ask them to consider leaving out those words not expected from the operation of the Act in clause 9 to make it abundantly clear?

Hon. Mr. LESAGE: I will.

The CHAIRMAN: Mr. Herridge.

Mr. HERRIDGE: I would like to ask the minister a couple of questions. Like Mr. Fulton I appreciate very much his consideration of the amendment which appears to cover the objections raised. But, in that connection I would like to ask the minister if the amendment completely covers the suggestion made by Mr. Nollet in his letter, because in his letter the province of Saskatchewan suggests that the bill be amended to include the following section:

There is excepted from the operation of this Act any works built or to be built on international streams which will result in the waters of such streams being put to beneficial use entirely within the boundaries of any province.

Hon. Mr. LESAGE: My opinion is, Mr. Herridge, that if the amendment of the province of Saskatchewan means—I do not believe the language of the amendment is clear—but if this means that this would have the effect of excluding from the operation of the Act any work which has no effect on the use of waters outside of Canada, clearly it is not necessary because their exclusion is already provided for by the definition of clause 2. Now, if it means that we would be excluding all works which have beneficial effect entirely within the boundary of any province what can it mean? Do you have an idea of what this means?

Mr. HERRIDGE: I am under the impression you are giving the interpretation.

Hon. Mr. LESAGE: If I was giving the right interpretation a few moments ago it is completely useless because it is covered in clause 2, if that is the meaning of what the Saskatchewan proposed amendment is.

Mr. HERRIDGE: I am suggesting the irrigation, domestic and sanitary sections are covered by the amendment you propose and that hydro developments of course would not affect the level of the water at the boundary, if it were purely a hydro development.

Hon. Mr. LESAGE: The reservoirs and the artificial basins of hydro power developments can regulate the stream.

Mr. HERRIDGE: I understand in Saskatchewan the hydro development is a subsidiary of what is a considerable irrigation development?

Hon. Mr. LESAGE: You are talking about the Saskatchewan dam?

Mr. HERRIDGE: Yes.

Hon. Mr. LESAGE: It runs north. It is not an international river. The Saskatchewan river is not an international river.

Mr. HERRIDGE: I am sorry. My geography in Saskatchewan is very limited.

Hon. Mr. LESAGE: This bill does not apply to it at all.

Mr. FULTON: I cannot read the mind of the Saskatchewan government but I suggest that the point they had in mind was these irrigation projects on small international streams which cross the boundary, and as I understand it the point they had in mind would be covered by the amendment in this provision.

Hon. Mr. LESAGE: In Saskatchewan there are a great number of irrigation works and projects and if that is all they had in mind then it is out now. It might be a very good thing and might I suggest that the chairman com-

municate now with the attorney general of the province of Saskatchewan, who wrote to us, drawing his attention to the new amendment and asking him for his comments and also to tell him that if he is not yet satisfied with this amendment certainly the members of the committee would like to have some clarification of the interpretation which he gives to his own amendment.

Mr. HERRIDGE: I think that is an excellent suggestion.

The CHAIRMAN: I will send a letter to the premier, or to the Hon. Mr. Nollet, the Minister of Agriculture who wrote me asking him for his reply so that we can have it before we get the British Columbia representatives here at a later date and so that we may now have an exact idea of what he means by his amendment and whether he is satisfied with this proposed amendment.

Mr. HERRIDGE: Thank you, Mr. Chairman. I just have one more question for the minister on the sheet he read from. This was in the conditions of eligibility paragraph 8:

Projects involving the storage of water in Canada to regulate the downstream flow must provide for long-term arrangements with the United States or some authority designated on their behalf and for a reasonable share of the downstream power or for a fair return in real terms.

Is it correct to assume that that means that the contract or arrangement must be authorized by the government of the United States?

Hon. Mr. LESAGE: This comes out of what General McNaughton said here that there would have to be some kind of an understanding between the government of Canada and the government of the United States as to downstream benefits, and surely when a question of downstream benefits comes to the fore in a practical way it will have to be dealt with from government to government. That was General McNaughton's view when he gave his answers to questions asked here.

The CHAIRMAN: It would be the friendly way of doing it between two friendly governments.

Mr. HERRIDGE: I noticed it was reported in Washington that it would have to be by agreement between the governments.

Mr. STICK: Presumably through the International Joint Commission.

Hon. Mr. LESAGE: It might be.

Mr. BARNETT: I have one question to ask with respect to the proposed amendment to clause 7. I would like to relate my question to a statement given by General McNaughton in his evidence on page 129 of the printed proceedings of the committee. He was replying to a question which was raised by Mr. Green in respect to the plan for diverting water from the Columbia into the Fraser. Mr. Green asked General McNaughton if it involved the possibility of irrigating any land in the Fraser watershed and the General replied that was an interesting question, and he said:

I am grateful to Mr. Green for this question because in the Okanagan we have in the investigations carried out by our people located lands to the tune of, I think, 141,000 acres which is very suitable in all respect for irrigation.

The reason that that occurred to my mind is I felt that the committee should clearly understand the full import of this amendment which is being proposed in relation to use of waters for irrigation purposes. Now, as I understand it, the amendment as proposed would impose no limitation whatever on the

amount of water which might be taken out of a stream if it was to be used entirely for irrigation purposes. I would like to know if I understand that correctly and if that is the case in proposing the amendments has the possibility been considered that in an irrigation scheme beyond a certain scale that use of water for irrigation purposes might very seriously alter the possible use of such water for power or other purposes which might be covered under the Act?

Hon. Mr. LESAGE: What you have in mind are works which would be solely for irrigation purposes and which would not be both for power and irrigation; they would only be for irrigation purposes?

Mr. BARNETT: I was wondering whether all of the various engineering possibilities in that connection had been considered in relation to available knowledge before you brought in your amendment which apparently places no limitation on the use of water for irrigation?

Hon. Mr. LESAGE: For power you mean?

The CHAIRMAN: It says in the amendment:

Constructed, operated or maintained solely for domestic, sanitary or irrigation purposes...

Hon. Mr. LESAGE: We are quite sure that according to the advice we had from General McNaughton, from his officials and from the water resources division that there could not be sufficient diversion for irrigation purposes to affect substantially—I believe I should let Mr. Patterson answer this question.

Mr. T. M. PATTERSON (*Director, Engineering and Water Resources Branch, Department of Northern Affairs and National Resources*): Mr. Chairman, if I understand the question correctly the member wishes to know if this amendment would apply to a very large irrigation scheme, which, due to the amount of water diverted by it, would harmfully affect a downstream development. I do not understand whether the member means that that is located in Canada or in the United States. If the power project is located in Canada it is a matter of provincial decision as to whether the water should be used for irrigation or power, and I would think that if it affected a project south of the line—an existing project—then the United States, or the people south of the line, have to revert to article 2 of the Boundary Waters Treaty for protection.

The CHAIRMAN: Perhaps it would be better if Mr. Barnett would clarify his question.

Mr. BARNETT: I think the answer given does clarify the point at least in part. I am not aware of whether this particular proposal which involves quite a large area, 141,000 acres, would—but without any particular engineering knowledge I would assume it would—require quite a substantial amount of water from the stream supplying it. I was going to say this particular one would affect the flow only in Canada, but if the waters were going from the particular project into the Okanagan basin it might have some affect on the flow of water downstream into the United States.

Mr. FULTON: May I clear up the matter here which arises I think from an error in the use of the term by General McNaughton. I hesitate to say this since he is not here, but I have found on other occasions that there is a confusion very often between the Okanagan valley and Thompson and Fraser systems, and I want to make clear that the water diverted from the Columbia which would go into the Fraser system would not go into the Okanagan valley. It would go into Sicamous lake and down the Fraser. That is not the Okanagan valley. I think that General McNaughton has fallen victim to a confusion which arises. He has used Okanagan in the sense of the whole valley which is I believe inaccurate.

Mr. BARNETT: Perhaps I may be in error.

Mr. FULTON: The irrigation lands General McNaughton referred to are well established as being available for irrigation in the Thompson and Fraser systems.

Mr. BARNETT: General McNaughton specifically says in the Okanagan.

Hon. Mr. LESAGE: I believe Mr. Patterson can clear this up.

Mr. BARNETT: I would like to put my understanding on the record of what was meant by General McNaughton.

Hon. Mr. LESAGE: Since Mr. Patterson is supplying General McNaughton with the engineering data perhaps he should answer.

Mr. T. M. PATTERSON: Mr. Chairman, I do not think there is any confusion in General McNaughton's mind as to where the Columbia basin ends and where the Fraser begins. The explanation which the member just gave is what General McNaughton had in his mind, that the diversion would be from the main stream of the Columbia into the upper waters of the Thompson and then from those waters another diversion into the Fraser waters or Okanagan. There is nothing to prevent at the moment water being diverted from the waters of the Thompson into the Fraser waters or Okanagan without the diversion from the Columbia to the Thompson. It is just a special project, a possibility the economics of which would have to be investigated.

Mr. FULTON: We need all the water we can get for irrigation ourselves.

Mr. BARNETT: It seems to me it might be possible under the amendment as it is proposed for British Columbia to grant licences, which would involve the Water Act in British Columbia, which would involve diverting Columbia river water into the Fraser and using it for irrigation purposes; a licence for a certain large quantity of water which would have a material effect on any overall plan for maximum utilization of the water resources of the Columbia basin both for power and irrigation purposes as well.

Hon. Mr. LESAGE: The objective of the bill is to see to that the natural resources of Canada—the water resources—are used in Canada and if they are exported that they are exported under conditions which will be really just and fair to the people of Canada. That is the aim of the bill. Now, the provinces still have their jurisdiction under this bill as to the apportioning of water between power and irrigation. With this bill the government does not propose to control the water resources of Canada. As I said the purpose is to see to it that they are used to the advantage of Canada in Canada and if they are exported that they are exported to the advantage of Canadians on a fair and just basis.

Mr. BARNETT: Then, in your opinion in this amendment if there was a change in the downstream flow of international rivers in such a way, even though the irrigation may be of a large scale, would there not be any necessity for it being exempted under the Act?

Hon. Mr. LESAGE: May I draw your attention to the fact that the proposed Act, paragraph (c) is to cover works constructed, operated or maintained solely for domestic, sanitary or irrigation purposes, or for other similar consumptive uses. Therefore the only effect it might have on the other side of the border is to decrease the water flow.

Mr. CROLL: Is not irrigation consumption by land.

Hon. Mr. LESAGE: It is a consumptive use of water.

The CHAIRMAN: The three lines above say: "Domestic, sanitary and irrigation or for all similar consumptive uses."

Mr. FULTON: You have to remember, Mr. Chairman, that this must be read in the light of the Water Act of the Province of British Columbia and

since a power project requires a water licence to the same extent an irrigation project does if there has been granted a licence for the use of a certain quantity of water for power purposes then under the Waters Act the applicant for a licence for an irrigation project will not be granted his licence if he is applying for such a quantity that it would diminish the quantity already allocated for power projects. I think Mr. Barnett's point would be met there.

Mr. REGIER: Could I ask a question in connection with the deputy minister's brief where it says:

7. If no effective use of the water resources can be made in Canada, the improvement executed in Canada to permit downstream utilization in another country must provide for benefits commensurate with the water resources thus made available. New vested interest thus created outside the country should be carefully considered and provision made that Canada can repossess herself of the resources thus made available at the end of a specific agreed period.

Is it the intention that the regulation shall leave the thing subject to interpretation at the time an application is made as to whether or not an effective use can be made; and I have a further question on that, are we going to be faced with the possibility of a provincial government maintaining that benefits that are proposed are commensurate and the federal government saying that in their opinion benefits are not commensurate, or is it the intention that the regulations shall definitely spell out the benefits which are commensurate and which are not.

Hon. Mr. LESAGE: It is impossible to spell out what benefits are commensurate and what benefits are not, because you will have to make a decision on each case as there are too many factors involved.

Mr. REGIER: I realize the difficulties.

Hon. Mr. LESAGE: It is more than a difficulty, it is an impossibility.

Mr. REGIER: Still we will be left in the position, with the exceptions of this Bill and the regulations accompanying it where a provincial government may wish to see a particular project proceeded with and the interpretation or the decision reached will be subject to political slants, if you like, in the presentation of one level of government against the other to the individual in the country.

Hon. Mr. LESAGE: I believe that has been going on since there have been governments in the world.

Mr. HERRIDGE: We will be left in that position as far as the Kaiser dam is concerned.

Mr. Low: Mr. Chairman, I wonder if it was the minister's intention, in his outline of principles intended to form the basis of regulations respecting international river improvements, to submit these to the various provincial governments for their consideration which provincial governments may then perhaps propose amendments. The reason I ask this question is that it would appear that as full cooperation as possible would be desirable if the full phase of this whole thing is to be made effective.

Hon. Mr. LESAGE: Surely, Mr. Low, this outline will be in today's report and it will be going to every province, as are all the reports of this committee, and surely any provincial government who wishes to make comments on this paper which I presented this afternoon, or who wishes to make representations to the members of the committee, will be in a position to do so.

Mr. Low: Something a little different from that might be expected from the fact that what we are doing is enacting a law that does interfere with what heretofore have been considered as provincial resources. The very fact that you suggested a few minutes ago sending the proposed amendment to the revised clauses to Saskatchewan for their comments—

The CHAIRMAN: That is because they have already suggested an amendment and this is sort of an answer to it and I think it is good policy to inquire if it covers the point they have in mind.

Mr. Low: I understand that, but does it not follow that it would be a good thing to submit these proposed regulations to the provincial governments for their study and comment with a view to getting their full cooperation on whatever is done?

The CHAIRMAN: If I may say so, as soon as it is printed, and we will try to expediate the printing, this will be in the hands of all the provincial governments. Until we hear the British Columbia people after the Easter recess we are not going to take the bill clause by clause.

The time will come at that time when we can consider this and when they come here they can give us all the comments they wish, and when we are studying the bill we will have all the representations before us and have the benefits of the views of the provinces. They will have a month to look into it.

Mr. Low: I noticed that there was no provision in the proposed outline for appeal from any of the provinces against the minister's discretion.

Hon. Mr. LESAGE: This would have to be in the Act. We cannot provide for an appeal under the regulations. It would have to be provided for in the Act. Mind you—and this is only a friendly discussion—as Mr. Pearkes I believe implied the other day there are appeals from ministerial decisions on questions of law in the sense that it can be contended that the minister has not exercised his discretion, but there cannot be—and it is not a principle that has ever been applied in our legislation—an appeal from the decision of the minister when he has exercised his discretion.

Mr. Low: All the more reason, it seems to me, why the regulations as drafted should have the full support of the provincial governments who are going to be affected by the application of the bill.

Hon. Mr. LESAGE: As to the procedure of drawing the attention of the provincial governments to what I said this afternoon, this is not my business; it is the business of the committee.

The CHAIRMAN: I will pursue the policy I have had up until now of writing the provinces whenever there was a material change. In the case of Saskatchewan, it is the intention to send a letter advising them that the committee is still looking into it and perhaps if they accept that proposal they will not come to Ottawa or if they do not accept it they will say that they will come to Ottawa. I thought, therefore, that it would be courteous to send the proposed amendment right away to see their reaction. They will have one month in which to study this and then make representations when they come to us.

Mr. Low: Perhaps the discussion which we have had today will serve the very purpose I had in mind.

The CHAIRMAN: It will draw their attention to the fact that they will be in a position to make representations.

Mr. Low: Thank you very much. I would like to ask the minister or his assistants some questions on the economic aspects of the whole legislation. When General McNaughton gave his evidence he made it clear that the role of the International Joint Commission was to develop a plan down to the

minutest detail for the development of potential resources along such rivers as might be international rivers. But he went on to say that the development of the plants would be the responsibility of somebody else, either the provincial government or some agency appointed by the provincial government, or perhaps the federal government in cooperation with—

Hon. Mr. LESAGE: Or a joint enterprise.

Mr. Low: Or a joint enterprise. He also pointed out that we now had a very narrow margin of freedom left to us for development of our water resources in Canada and that time was such as to make it necessary for us to work quickly. The thing was urgent; otherwise we would lose the margin we already have left to us. Now, the project which has been outlined is going to cost a lot of money and I am wondering where that money can possibly be obtained if we leave it to the provincial governments to do the development. May I ask Mr. Lamontagne to express an opinion on that matter?

Mr. LAMONTAGNE: Well, I am afraid this is a question of policy much more than a question of economics because my own answer would be that the money could come from private enterprise or from provincial governments or from intergovernment agencies or from the federal government alone, but I am afraid that is not of much help to you.

Mr. Low: Perhaps I had better frame a question to the minister, then, because it is a matter of policy, I know. I think I can say that as I listened to the minister express himself at various times during the hearings of this committee I got the impression that he had some plans for the comprehensive development of the great Columbia basin. Now, if that is true perhaps the minister will tell us what he does have in mind.

Hon. Mr. LESAGE: I am sorry, but I do not recall that I ever said anything that would imply that I or the government would have a master plan for the development of the Columbia. I was in the same position as the members of the committee. I listened with the greatest of interest to General McNaughton when he outlined the great possibilities of this watershed and when he said that he was not in a position yet to say what in the opinion of the International Joint Commission would be the best way of developing the watershed for its optimum use, but that he hoped to be in a position to do so and to table the report of the International Joint Commission on the approximate dates that have been mentioned by Mr. Lamontagne this afternoon. I am quite convinced that when we know exactly what can be done to assure the maximum use of the Columbia watershed that all the interested parties will be anxious to get together and see what are—I will use this word which always pleases Mr. Low—what are the financial possibilities and where they lie.

Mr. Low: Thank you. Well, I am to assume then the government has no definite plans in mind as yet for the full development of the possibilities of the great Columbia basin?

Hon. Mr. LESAGE: How could we make plans, financial plans, how could financial plans be made by any government or any private enterprise for the optimum use of these water resources when we are not clear yet as to what that optimum use is?

Mr. Low: I think one can be forgiven for thinking that there must have been something fairly definite in the minds of the government because when one reads the bill you get that impression and when you read these proposed principles intended to form the basis of the regulations of the bill you get that impression.

Hon. Mr. LESAGE: The only impression I have when I read the bill and the regulations, and the only intention we have is to make sure that the objective of the bill which I mentioned the other day and mentioned again

twice this afternoon will be attained. If you read very closely the bill and the outline of the principles which will be behind the regulations you will come to the conclusion as I have come to the conclusion—that the bill is more of a negative nature. It is really a licensing bill. It is not a bill to give power to anybody to build works; it is a bill to see to it that works that are proposed—we do not say by whom—will be such that they will be to the best advantage of Canada.

Mr. Low: Mr. Chairman, did I understand Mr. Lamontagne's submission—

Hon. Mr. LESAGE: May I ask you a question?

Mr. Low: Yes.

Hon. Mr. LESAGE: Do you think that because a province has a law similar to the one which is proposed here that this province has undertaken the task of developing itself? Do you believe that when a province has a licensing law, —for instance, the British Columbia Water Act,—that by such law and the regulations under it that province says that it is going to do the work itself? Do you believe, for instance, that because a provincial government regulates and licenses automobiles that it says it is going to build automobiles?

Mr. FULTON: Or drive them.

Hon. Mr. LESAGE: Or drive them. Nothing of the sort. This is a licensing bill. One must not forget the nature of this bill and its objective.

Mr. Low: Very well. Mr. Chairman, I was going to ask if I was right in the impression from the statement of Mr. Lamontagne that the whole report of the investigating committee on the Columbia river possibilities would not be ready until 1959? Is that right?

Hon. Mr. LESAGE: The official report of the Canadian section of the International Joint Commission is expected to be presented to the Canadian government in 1959.

Mr. Low: The survey would be completed in 1956?

Mr. LAMONTAGNE: I said the field investigation would be completed by March 31, 1957, but the board's report would be ready by 1959. That is the information I have.

Mr. Low: Then between now and 1959 when that report has been completed—and I suppose you could go on beyond that some months until the reading has been carefully studied by all the parties that are concerned—then little can be done about the development work in the whole Columbia basin?

Hon. Mr. LESAGE: Not necessarily, because when we know—and we will know in 1956, the middle of 1956—if a diversion to the Fraser is possible then we will be in a much better position, we might be in a position by that time to take decisions on certain works.

Mr. Low: Well, having regard to the warning that General McNaughton gave us that there was danger if we let time go by without some development work in Canada that would preserve for us our diminishing narrow margin of freedom in the use of these waters, don't you think that plans should be developed very quickly, Mr. Lesage?

Hon. Mr. LESAGE: Mr. Lamontagne will reply to that.

Mr. LAMONTAGNE: If I understood General McNaughton well, I thought he said that we should be very prudent in allocating new water resources to downstream interests, but he did not say, I don't think, that we should urge the development of our own resources as fast as we can.

Mr. Low: Now, Mr. Chairman, I am sorry to have to disagree with Mr. Lamontagne because under questioning by myself he did admit that something had to be done rather quickly and when I asked him what could be done he said, "Well, that would not be for me to say because it is in the field of

developmental policy by the government," and that is why I questioned the minister today to ask if there were any plans being developed either at the federal level or in cooperation with the provinces for this work to go forward so that we could preserve our narrow margin of freedom in the use of these waters.

The CHAIRMAN: Mr. Green has a couple of questions.

Mr. Low: By all means, I will sit down.

The CHAIRMAN: No, please carry on we are sitting until 6.

Hon. Mr. LESAGE: That is quite all right, Mr. Low. I am consulting. It is an important question you are asking there. Mr. Patterson would be in a position to answer your question, Mr. Low.

Mr. T. M. PATTERSON: Mr. Chairman, I am not too clear how applicable this is, but the argument was developed in connection with a reference to the commission on the Waterton and Belly rivers. That reference was made in 1948 and it was argued at that time that any work started after the date of the reference would not in either country create any additional vested interest.

In the case of the Columbia the reference was dated 1944. Now, I am not a legal man; I do not pretend to be giving an interpretation, but using the same argument then any new works started on the Columbia in the United States would not be considered a vested interest as long as that river is under reference to the commission.

Mr. Low: The one thing that General McNaughton kept stressing all the way through when he gave his evidence was that it was understood that the principle first in use first in right would apply on both sides of the line and consequently it was essential that we make haste to use these waters in Canada so that we could preserve our rights to the basin.

Well, Mr. Chairman, I have taken quite a lot of time—

The CHAIRMAN: I just want to get a word from Mr. Patterson on this angle because I admit quite frankly I understood the same thing that Mr. Low has just expressed, that General McNaughton said that whatever rights we had to preserve we should go ahead now and preserve them and that if somebody else got ahead of us they would have a lien on the waters.

Hon. Mr. LESAGE: May I say to Mr. Low I am informed that what General McNaughton had in mind was that he was making a case for as early a start as possible on the Mica creek development because he thinks, according to what I am told, that the details on the Mica are sufficiently advanced that a start could be made.

Mr. GREEN: He told me that.

Hon. Mr. LESAGE: Well, you confirm that information.

Mr. GREEN: He told me that in this committee.

Hon. Mr. LESAGE: That was the basis of the information you quoted, Mr. Low.

Mr. BELL: May I ask a question?

The CHAIRMAN: Mr. Green has a question.

Mr. BELL: I have to leave in a moment. I just want to ask the minister if we are going to have anything more available in the way of regulations to go by; in other words, up to the time when the provincial governments arrive will these principles be available or do you plan to draft the regulations in some way?

Hon. Mr. LESAGE: No, we cannot draft regulations before we know in what form the Act will be and I believe that this outline is pretty complete.

Mr. BELL: Well, you have a pretty good idea what the Act is going to be like now, have you not?

Hon. Mr. LESAGE: We do not yet.

The CHAIRMAN: We don't until we have heard the provinces.

Hon. Mr. LESAGE: There have been pretty good suggestions from the committee and the provincial governments will come here. I don't see that it would be good practice or that it has been customary to present to a committee of the House or to the House itself the wording of the regulations which will be enacted after an Act has been passed by parliament in we don't know what final form. I believe this outline is pretty complete anyway, Mr. Bell.

The CHAIRMAN: Mr. Bell, your words would intimate that the government already knows what the Act will be. It has already been changed four times. We will hear the provinces, then take the bill clause by clause and we will reach a conclusion on each clause and it is only at the end of that process that we know what the bill will be.

Mr. BELL: Will there be a final chance to make any suggestions on the regulations?

Hon. Mr. LESAGE: Well, we will be studying the bill and when we are studying the bill all suggestions will be in order and then after we have heard the provinces when we take the bill clause by clause I am sure at that time you can raise all the points you want about the proposed regulations.

The CHAIRMAN: The Minister has said something which is quite right and in my experience in the House we have never had a set of regulations given to us before the bill was adopted or accepted.

Mr. BELL: I appreciate that these are a great help to us. Don't get me wrong. But as Mr. Low has said, to the provinces to my mind it is the most important part as it has developed now. The principles are quite broad and some of them are definitely of British Columbia application and I feel if we could have some sort of draft of them—they do not have to be final, they could be changed, it would give us something to work on.

Hon. Mr. LESAGE: Mr. Bell, might I just comment on what you have said? It is not customary to give even an outline of the regulations to the House of Commons or to any of its committees. The regulations are the responsibility of the Governor in Council and the regulations must be made according to the powers of regulation that are contained in the Act. In this case it is clause 3 of the Bill. Normally all that is said is "Here are the powers that the government want for regulation." Here I went out of my way because it is a new field and, as you say, I think it is important that everybody knows what we wish to do and that our objective is clear in the minds of everyone. That is why I gave an outline of what we think the regulations should be and this is certainly going to be helpful to the members of the committee and helpful to the representatives of the provinces when making their presentations.

Mr. GREEN: Mr. Chairman, there are one or two questions I would like to ask about the outline the minister read to us this afternoon.

The CHAIRMAN: Only one or two questions?

Mr. GREEN: Well, I will start with one or two questions. Paragraph 3, of the minister's outline for example, reads:

"3. The project is not incompatible with the optimum development of the whole watershed, with desirable inter-basin transfers and with an effective co-ordinated system of power transmission."

Now, it is my understanding that an inter-basin transfer would be under the control of the provinces rather than of the dominion, is that correct, that is, that the provinces would have to order an inter-basin transfer, is that correct?

Hon. Mr. LESAGE: The bill as it stands says that the rights of the provinces are the same as they were; they are not changed by this bill. If the works to provide for an inter-basin transfer are works that come under the definition of clause 2 of the bill and if they are not excluded under the amendment provided in clause 7, may I remind you, Mr. Green, that Mr. Varcoe has said that such works have always been under federal jurisdiction because they have an effect on property rights outside Canada.

Mr. GREEN: Then if there were a diversion from the Upper Kootenay to the Columbia headwaters or a diversion from the Columbia to the Fraser river system that would be under the control of and will be ordered by the dominion government?

Hon. Mr. LESAGE: No, I am sorry, it would not be ordered by the dominion government. It would not be ordered. It would have to be licensed. Nobody can order you to buy a car, sir, but a provincial government can say if you buy a car you have to license it.

Mr. GREEN: I thought the position was that the dominion government under this bill would be given a licensing control over such a diversion but that the provincial government would have the authority whether the work actually went ahead or not and the responsibility for financing. Am I correct in that?

Hon. Mr. LESAGE: It all depends who is the owner of the water rights.

Mr. GREEN: Well, we will take it that the province owns the water rights. Mr. Varcoe said that in his evidence.

Hon. Mr. LESAGE: Yes, but any private enterprise can go to the province and say: "We want to make a diversion, we are interested in diverting the waters of the Columbia to the Fraser and here is our whole plan. We want to rent the water rights and we want a licence from you." The province may say yes or no and then they turn to us and they say: "Here is our plan for works. We want these works to be licensed." And we will or will not license them.

Mr. GREEN: In all probability they would have to get a licence from both the dominion and the province, would that be the answer?

Hon. Mr. LESAGE: Well, the water rights are provincial.

Mr. GREEN: Then, in this paragraph it also says:

"... and with an effective co-ordinated system of power transmission."

Now, that appears as though the dominion government is going to pass on the type of the system of power transmission within the province and frankly I don't see where the dominion gets any authority to make a decision of that kind. Wouldn't that be for the province unless there is an export of power over the boundary?

Mr. JOHN DAVIS (*Economics Research Division, Department of Trade and Commerce*): Mr. Chairman and Mr. Green, I believe inter-basin transfers in the circumstances where one basin was in the United States and the other in Canada and the inter-basin transfer involved an export of power, then automatically such project would also come under the Fluid, Electricity and Gas Act.

Mr. GREEN: Our discussions have been on inter-basin transfers from the Kootenay to the Columbia and from the Columbia to the Fraser. There have been no question of an inter-basin transfer over the boundary.

Mr. DAVIS: I took you to mean electricity.

Mr. GREEN: I was referring there to water.

Mr. DAVIS: Are you centering your question on the coordinated system of power transmission?

Mr. GREEN: I dealt first with the inter-basin transfer which I thought referred to water.

Mr. DAVIS: Yes.

Mr. GREEN: And then I had completed my questions on that and had gone on to this coordinated system of power transmission which obviously is electricity.

Mr. DAVIS: Yes.

Mr. GREEN: How does the dominion get into the picture of controlling the power transmission within the province as distinct from the export of power out of the province?

Mr. DAVIS: It does not get into it until it does involve an export out of the province or I think if you read clause 9 it would perhaps get into it in terms of importation of power where it was a repatriation of downstream benefits, the power being developed in this instance in the United States and being brought back.

Mr. GREEN: Of course the dominion purposely refused to put in Bill 4 any control over the import of power.

Mr. DAVIS: That is not included in Bill 4 at the present time.

Mr. GREEN: Here you are asking in paragraph 3 of the outline that an applicant must satisfy the dominion that he has a desirable inter-basin transfer of water and that he has an effective coordinated system of power transmission. By that the minister means only if there is power exported over the boundary, is that correct?

Mr. DAVIS: I would assume it to be that myself, yes.

Hon. Mr. LESAGE: Well, as you know, I have been working in coordination with the Department of Trade and Commerce, and, of course, transmission of power itself for importation or exportation in the form of downstream benefits is the responsibility of Trade and Commerce. Power can be exported only under the Electricity, Fluid and Gas Act, and that is why this is there. Maybe it is not clear enough, Mr. Green, but this is only an outline on what we have in mind as in the case of export.

Mr. GREEN: I admit quite frankly that I believe the whole underlying problem that is faced is to develop some means of cooperation between the dominion and the province so that this wonderful scheme can be actually put into effect. I think these very conditions of eligibility indicate that there must be cooperation between the dominion and the provinces. Take, for example, paragraph 7 and paragraph 8. Those require dominion action. Who could negotiate with the United States concerning downstream benefits, except the dominion? Is that not the picture, is that not correct?

Hon. Mr. LESAGE: Well, we are in a better position, that is the least I can say.

Mr. GREEN: As to the need for prompt development of Mica Creek, why can the dominion government not get busy right away negotiating some agreement covering the downstream benefits, because it has been said no contract will be allowed to go ahead unless there is a downstream benefit.

The CHAIRMAN: That no project would go ahead until we know the full result in 1959? That has never been said.

Mr. GREEN: I think someone said we would have to have a contract covering downstream benefits before we could proceed.

Hon. Mr. LESAGE: He said he thought it would come to that. I think that is what he said, and I will certainly have General McNaughton's views. What you said now, Mr. Green, will certainly be considered by the government.

Mr. GREEN: Then, paragraph 9, I cannot understand that at all. Perhaps the minister or one of his officers can explain that paragraph.

Mr. DAVIS: In order to locate certain of these projects in Canada, particularly the very large ones which involve very considerable sums of money.

Mr. GREEN: That would be Mica Creek, for example?

Mr. DAVIS: That sort of development—it will be necessary to sort of develop sales contracts for the prospective output of electricity. It may happen in view of our relatively light development in western Canada as compared to the United States that sales could be arranged across the border, immediate sales, and not in Canada, but in order that those sales not be in perpetuity it might be necessary to arrange for a progressive repatriation of the power. That is why a reference is made to a declining proportion of the output. The downstream entity would then take on the nature of a contract which was agreed to before the building of the dam, notice served of it, and notice to which it had agreed of the progressive repatriation to Canada or British Columbia of downstream benefits, and there could then be no damages as this repatriation took place.

This is a particular provision to take care of the eventuality that Mica Creek, for instance, was a desirable undertaking for the whole of the Pacific north-west, Canada and the United States and yet for the immediate event no market in Canada is available of the order, say, of an aluminum development. It is a very large amount of power involved, but Canada or British Columbia does not want to forego receiving its share of the downstream benefits. So prior to the event of construction contracts are so drafted as to be consistent with this progressive repatriation and no one can be harmed as it takes place.

Mr. GREEN: Take, for example, a power plant at Mica Creek, and then the Kaiser Aluminum Company gets additional power from the American plants as the result of the downstream benefits accruing from the Mica dam. Your idea is that there would have to be a contract with the Kaiser people that they would eventually transmit whatever power was possible to Canada in the future, is that right?

Mr. DAVIS: After a fashion, but you see a company of the electro process industry type will not build new expensive plants, and perhaps will keep running its existing plant if it has to allow for these contingencies of giving up power by increment. Let us assume it is over a 10-year or 20-year period. Certainly no big electro process industry would enter into an arrangement like that whereas a major utility which sold to residential and small manufacturing industries would perhaps enter into it. The arrangement would mean a lower cost of power for a short term, their alternative being in the United States a more expensive development. They can postpone the expensive development in the United States so they have an incentive to buy right away and notice is served on them that repatriation will take place. But I do not see it benefitting the electro processing industry which we can hope to develop in our country in the first phase of the development.

Mr. GREEN: Then when Canada is in a position to use that power, she would benefit under the contract?

Mr. DAVIS: Yes, it is a hypothetical case, but I think it could be a real one. We might not have an aluminum industry standing by ready to take the power from Mica Creek, yet Mica Creek might be thought from the water resources point of view of British Columbia as a project which was feasible economic-wise for Canadians to participate in. If this is so, then you must have contracts for the use of electricity. You might perhaps only get contracts for sale to the Bonneville Power Commission, and as long as it is cheaper for them to

get it they will contract and yet they cannot claim damages because the contract provides for progressive repatriation and progressive repatriation might be tied in with the development of the Vancouver area.

Mr. GREEN: You mean the sale of power itself?

Mr. DAVIS: Absolutely, I am talking of power all along. This is a contract for power which is a prerequisite of financing, shall we say. It is a contract with downstream generating agencies. This agency system does reduce the growing up of these high-class projects within the United States, for example. It might make this arrangement; it might postpone the day when it has to have more than it has before and yet it cannot claim damages as the power is repatriated into Canada.

Mr. GREEN: This refers only to electricity?

Mr. DAVIS: Yes, not to water.

The CHAIRMAN: In view of the division in the House we will adjourn now and we will resume our meeting tonight at 8 o'clock in the same room.

Mr. DAVIS: I would like to add to my remarks that I was talking about the power generated, shall we say, on the other side of the boundary but it would be repatriation we assume as a right as a result of downstream development settlements.

Mr. GREEN: You are not talking of power generated at Mica creek?

Mr. DAVIS: Not necessarily, no.

EVENING SESSION

The CHAIRMAN: Gentlemen, we have a quorum so we can proceed.

Mr. HERRIDGE: Mr. Chairman, I wish to raise a question of privilege.

Mr. FULTON: When he is through with that, may I ask some questions?

Mr. HERRIDGE: I have a copy of the Nelson Daily News dated Wednesday, March 16 in my hands, and I want to quote from an article headed "Kaiser dam plan defended before associated boards."

Only good could evolve from the immediate construction of this river development. The majority of objections and criticisms that have been levelled against the dam have been based on inaccuracies and misinformation. There remains but one decision to make. Do you wish the waters of the Columbia to continue an unproductive but certain path through your province to the generators across the boarders, or do you wish to see them harnessed and controlled in their release so that the benefits of their wealth may in part be returned to you?

So said R. A. Sandberg, Northwest public relations manager for Kaiser Aluminum, in an address to the annual meeting of the associated boards here.

Mr. Chairman, I happen to know that this gentleman was shown a copy of the letter the minister wrote to the various Boards of Trade in south-eastern British Columbia explaining his position. I happen to know he read reports of this committee's meetings which have been drawn to his attention. I rise to a point of privilege because, Mr. Chairman, I consider remarks like this are insulting to the minister, to the committee, to General McNaughton, to all the senior officials of the department who have given information to this committee, and also to the member for Kootenay west who has addressed most of these Boards of Trade before coming to Ottawa. I protest most vigorously and I think it is a piece of damned impertinence on the part of this official of an American corporation to make such a statement.

Mr. FULTON: Is there any question of privilege there?

The CHAIRMAN: The gentleman has stated his question of privilege. I think it is one. I do not think it needs any comment. It goes on the record, and it is to be taken by anybody who reads the record at its own value, and I think it was the privilege of the member concerned, as it is of any member who feels offended by an article in which his own statements or his own position as a member of the committee may be interpreted falsely, to make an objection if he wishes. I think there is a question of privilege, and hon. members may judge whether they like it or not.

Mr. FULTON: I hope you are not going to permit an endless chain of questions of privilege of that sort; for it is difficult to know where that would end.

The CHAIRMAN: The chair will rule upon any question of privilege when it is submitted.

Mr. HERRIDGE: Mr. Fulton is apparently defending the statements of the Kaiser corporation.

Mr. FULTON: No, but they ought to have a fair hearing.

Mr. STICK: I think that should be off the record.

The CHAIRMAN: Mr. Stick has asked for the floor.

Mr. STICK: The only point I have to raise tonight is this: I am quite satisfied in my own mind regarding the tremendous potential in power for the west coast, but Mr. Low raised a point this afternoon which should, I think, be pursued a little further, and that was the possibility of raising money for the huge developments which might be needed on the Columbia from the standpoint of "first in time, first in service." My knowledge, and I am saying this so as to get the opinion of the economic adviser, leads me to believe that industry goes to power, not power to industry. From the information given in this committee this afternoon, and from information which General McNaughton gave last year on this subject, and again this year that our friends to the south of us are hungry for power, and that British Columbia will be short of power and they will need the additional power of the Columbia within 15 years, I do not see any difficulty in financing the proposed projects. When the need is there, money will be found to develop those things. What is the opinion of the economic adviser here? In a general way does he agree with that statement?

Mr. LAMONTAGNE: If the cost of power made available is relatively low, and if the demand is there, I have no doubt that there will be some people coming to ask for permission to develop those resources.

Mr. STICK: That is your opinion?

Mr. LAMONTAGNE: Certainly.

Mr. STICK: And if industry were hungry for power it would not be necessary for the federal government or the provincial government to put up the money?

Mr. LAMONTAGNE: That, I am afraid, I could not answer.

Mr. STICK: I am not asking you to be definite about it. If power is at such a premium on the west coast and will be in the future and industry wants it, industry usually finds the money to look after the power projects. That is my opinion and if you wish to substantiate it or give your own views on that, you may do so. This was something raised this afternoon which I feel we have to consider and I am satisfied in my own mind that if the need is there ways and means will be found of developing it by private industry.

Mr. LAMONTAGNE: That is certainly a possibility.

The CHAIRMAN: You wish to ask a question, Mr. Byrne?

Mr. BYRNE: I thought, Mr. Chairman, that I had relinquished my place to another member.

The CHAIRMAN: Mr. Patterson has asked for the floor because he may be called into the House and asked to speak, so I shall let him go ahead.

Mr. PATTERSON: I want to express my appreciation to Mr. Byrne for relinquishing his place on the list so that I can get back to the chamber. There are two questions I would like to ask; one of them may not be in order at this present time, but I hope it is. I may say now I am very much interested and concerned about the proposal to divert some water into the Fraser and I would like to ask now, in the event of a consideration of a diversion from the Columbia into the Fraser river, whether there would be any transfer whatever, in time of high water into the Fraser?

Mr. T. M. PATTERSON (*witness*): Mr. Chairman, the intention is not to divert water from the Columbia to the Fraser during the period of high water, but water will be stored behind the Mica dam during the high water period. It will be retained in the Columbia river until the high water period is over in the Fraser.

Mr. PATTERSON: Therefore, I understand there will not be any water at all going through the diversion when the high water period is on the Fraser?

Mr. T. M. PATTERSON: The plans are not complete for this diversion. An investigation is to be made, and I do not think that I am in a position to state at this time that there would not be a drop of water travelling during the high water period. The intention is not to release any water down the Fraser during the high water period. It might be there are lakes in there; that the water can be hld in the upper waters of the Fraser basin, but it is not intended to release any additional water to the flood waters of the Fraser.

Mr. PATTERSON: Thank you. There is another question which is tied in with that. I asked General McNaughton a question in respect to the same matter. If any water at all was diverted, the process would certainly accelerate erosion in some areas. The question I would like to ask of the minister is: will the federal government assume any responsibility in the event of accelerated river bank erosion?

Hon. Mr. LESAGE: The responsibility for any damage which would occur would be that of those who build the works; it might be the government, or private enterprise; but it would be the responsibility of the authority who built the works. That is the law. It is easy.

Mr. PATTERSON: It is easy if you can pass the responsibility on.

Hon. Mr. LESAGE: Very well. Tell me who is going to build the works for the diversion and I will tell you who is going to be responsible. It is as easy as that.

Mr. STICK: Those are the people who are going to be sued. They are the responsible authorities.

Hon. Mr. LESAGE: If there is damage.

Mr. BYRNE: Mr. Chairman, I would like to ask Mr. Lamontagne if, in his remarks sometime ago, he said that the provincial authorities were kept informed, and that there were officials working with the International Joint Commission with respect to the Columbia river basin reference of 1944.

Mr. LAMONTAGNE: I just said that following the reference which was made to the International Joint Commission there was an engineering investigation board set up, and that in Canada the arrangements which were made at the time provided facilities for British Columbia officials to participate in the investigation and to receive the results of all completed studies. I am quite sure that Mr. T. M. Patterson would have something to add to that.

Mr. T. M. PATTERSON: Mr. Chairman, the statement is quite correct. Following the appointment of the Columbia River Board, the board set up an engineering committee which was comprised of the local representatives of the board and of the departments which were represented on the board. In addition to that, the Deputy Minister of Lands and Forests was appointed to that committee to sit in at all its meetings.

Hon. Mr. LESAGE: You mean the Deputy Minister of Lands and Forests of British Columbia?

Mr. T. M. PATTERSON: Yes sir; and to participate in the undertaking; and as a result of that arrangement, the province of British Columbia has been carrying out certain studies on behalf of the board.

Mr. BYRNE: Would this body be kept informed of the decision of the International Joint Commission to make a further survey to determine the feasibility of a diversion of the Columbia?

Hon. Mr. LESAGE: As far as that is concerned, the government of British Columbia was advised at top level. It was advised by a letter written by General McNaughton to Mr. Bennett or to Mr. Sommers—I believe it was to Mr. Bennett himself—at the time when I submitted the proposed expenditure for that survey to the Treasury Board.

Mr. BYRNE: Could you say approximately when that was?

Hon. Mr. LESAGE: It was during the preparation of the estimates. The press release announcing the study of the diversion is dated December 20; and it would be in the two or three weeks preceding that date.

Mr. BYRNE: Mr. Patterson, I believe it was, said that no works took place in the Columbia basin after the Columbia basin reference was agreed to by the government—that is by the American government and the Canadian government—that none of those works would be considered as having proprietary rights on the river. Is that what you said?

Mr. T. M. PATTERSON: Mr. Chairman, I do not think that I said it quite in that way. I stated it in connection with a similar case, the Belly river reference to the commission, asking us to put forth that no works built after the date of the reference could create a proprietary right in one country or the other.

I am not a lawyer. I do not profess to argue whether that would hold up or not. But that was the argument which was put forth.

Mr. BYRNE: The terms of this reference are in article IX of the Boundary Waters Treaty, and that has no effect on works which may be beyond the boundary, not having the effect of dislocation at the boundary or flooding on one side or the other. Therefore installation may be made. Let us say extra installations are made at Bonneville, for instance, even though this reference is in effect. If they made those installations with the intention of using water which may be flood water or surplus water, they would have the right then to claim damages. Do you get my point? Even though this reference is in effect, they may proceed with anything that is not covered in this reference; and certainly article II would give them the right; and it would give other countries the right to divert water as it now exists without their having to go to the International Joint Commission.

This would be a reference to the International Joint Commission; but under article II there are certain things which may be done without reference to the International Joint Commission; so that if they made installations—or supposing another dam was installed lower down on the Columbia—we would have to respect those installations, and in perpetuity, unless we were prepared; irrespective of the reference.

Mr. T. M. PATTERSON: Mr. Chairman, the case I was referring to would put Canada in just the opposite position to the position we are in on the

Columbia. In the case of the water from the Belly river, this river rises in Montana and flows into Alberta and Canada was proceeding at that time to build the St. Mary dam with which she was proposing to store water from the Belly river. Reference was made to the commission by both governments to investigate the better use and allocation of the waters of the rivers between the Milk river and the Rocky Mountains, but included the water from the Belly river. Canada was proceeding with the St. Mary's dam and the United States served notice through their counsel at the commission hearings that Canada was proceeding with those works at her own risk and that any development made after the date of the reference would not create a right to the use of the water from the Belly river. We are in the opposite case on the Columbia, and I do not know whether that argument would hold up in law or not, but that was the argument which the United States used at that time. We are now in the position on the Columbia that we are the up stream interest, and the Columbia is also under reference. If you apply the same argument, then the United States cannot create an additional vested interest.

Mr. BYRNE: My point, Mr. Chairman, is that I am trying to clear up in my mind the question raised by Mr. Low this afternoon as to the sense of urgency on the part of General McNaughton. If any one of the projects on either side of the line had the effect of—

Mr. STICK: Using more water.

Mr. BYRNE: No, I am afraid that you are not going to help me very much in that respect.

The CHAIRMAN: In creating rights?

Mr. BYRNE: If I can get a little more help I may be able to make it. I think we have to find out what is the sense of urgency. If the Columbia valley reference makes it a fact that either country can go ahead and build projects without being affected under article 2, that is, that we want to have the right of coming into the courts on either side of the line and demanding reparation, should a further project render that ineffective.

Mr. T. M. PATTERSON: I think that what Mr. Byrne is picturing is this. If we can look at the situation in this way, there are at the present time two power houses at Grand Coulee and a large irrigation scheme. The United States government has looked into the possibility of building a third power house at Grand Coulee. The engineers who have looked into it have reported it uneconomical at the present time to build that power house. If they had decided it was economical, then the building of it would create a demand of more water on the Columbia river. Your question is whether that demand would give them additional rights on the river. That is a fine point of international law and I am not in a position to answer it. If that argument which I presented before would not hold, I am afraid it would be an additional one.

Mr. BYRNE: Take as an example the Kaiser dam.

Hon. Mr. LESAGE: It is in Canada, not in the United States.

Mr. BYRNE: The Kaiser dam has claimed enough water to provide the power in the United States. After several years of installations being fed by this water, if they decide to blow up the Kaiser dam, then in the same way those who were receiving the benefit down across the line would then be able to come into our courts here, or was a moratorium declared on the whole development because of this Columbia basin reference?

Mr. T. M. PATTERSON: The question of whether that moratorium applies or not is the question. I am not in a position to answer that.

Mr. BYRNE: Then I do not think that we should say either that any projects developed in the United States will be rendered, the result of which would mean that further development in Canada would render them ineffective. I do not think we should say that they have no right of recourse in our courts, because the reference is there, and because they have done it effectively since the Columbia basin reference was made. There was some sense of urgency on the part of General McNaughton for us to decide on what we are going to do. It was felt we should not allow dams or any improvements which are going to create further installations in the United States taking advantage of what we do or we do not do here. Is that not so?

Mr. T. M. PATTERSON: I think, Mr. Chairman, that that is probably right. I do not think that anything I have said here should be interpreted as indicating that we are protected. I merely cited an argument that was put forward, and I do not know if it is valid or not. Certainly it would seem to be the prudent thing that we protect ourselves in any way we can.

Mr. DAVIS: There was another argument which I think General McNaughton implied, the legal one of accumulating downstream rights. That was a legal point. There was also the economic fact that the first storages are the most valuable. If, for instance, the first storage is built in the United States, or in the case of the Libby dam built largely in the United States, and Canada has some say in it, that reduces the value in the United States of any subsequent storage in Canada, that is the value in terms of power or in money. So the sequence in which you introduce storages is very important in terms of shall we say, downstream benefits accruing to Canada. It is a matter of bargaining. At any stage the bargaining position in Canada will be better on the first, second and third storages than on latter storages. So in the economic sense, if the Libby storage precedes the Mica creek storage, the value and the total firm power generated in the United States will be less from this Mica project than if it had preceded the Libby project. So there is in a sense an economic argument for urgency. What is the priority on storages in the basin? The first one is the most valuable, and so on in sequence.

Mr. BYRNE: That is exactly what I am trying to bring out. I thought that it was left somewhat in the air. That is the impression I got from Mr. Low's question. I can conceive of the Libby projects proceeding. It is not so long ago that we were prepared, if the federal government in the United States were prepared to pay proper indemnity and sufficient in downstream benefits, to go along and let the dam be built. But when we take the over-all picture, the economics are quite substantial. If the provincial governments, for instance, had said, "We are in agreement now and you may proceed with the Libby project," but we had discovered later that it was not a good idea and decided to change the water at the upper Kootenay and diverted it, the Americans would have no claim because with regard to anything that was done during the time of this reference they would not be able to sue in the Canadian courts.

Mr. T. M. PATTERSON: I think that if we agreed to the Libby dam we would be committed.

Mr. BYRNE: If we agreed to the Kaiser dam, for instance, now, and a dam was built, the reference still being in effect, what would be the position of Bonneville Power Corporation or those who had built the dam? Or if Bonneville Power had made the third installation, as you suggest, on the assumption that they were going to get that water? If we did something that prevented the use of that water, they would be able to sue in Canadian courts, would they not?

Mr. T. M. PATTERSON: I think it would all depend on the terms on which we agreed to give them the water. If terms were arrived at under which the water from the Kaiser dam was allowed to go down there for 20 years they would have a right to expect it for 20 years; not for 25 or 15 years; but for 20 years. At the end of that time it would be subject to a new agreement.

Mr. BYRNE: Of course with this new legislation, but without this legislation, if proceedings were going forward under article II of the International Boundary Waters Treaty and if the dam were built under that section, then as far as the Canadian government is concerned it would have no effect. What would the position be then?

Mr. T. M. PATTERSON: I would think if any right was allowed to develop without a fixed agreement being in effect it probably would create a vested interest for all time.

The CHAIRMAN: Mr. Fulton.

Mr. FULTON: Thank you, Mr. Chairman. I would like to ask some questions on two different subjects. First I have a question having to do with the outline of principles intended to form the basis of these proposed regulations; and secondly with respect to the suggested diversion of the Columbia. On the first branch of my questioning I would like to ask—if I have Mr. Herridge's permission to ask a question regarding this corporation whose name he does not even like to hear mentioned, that is the Kaiser Corporation—I would like to ask the minister whether or not this proposed Kaiser dam and the effects of it and the purpose for which it is constructed runs counter to the principles which are outlined here, particularly under the heading "Conditions of Eligibility" and if so in what respects?

Hon. Mr. LESAGE: It runs counter to number one—according to the information I have and the text I saw of the agreement between Kaiser and the British Columbia government—and it would run against the principle involved in number 2; also number 3. As to number 4, I do not believe there is any flood condition involved.

Mr. HERRIDGE: There certainly is.

Hon. Mr. LESAGE: There are, yes—well it would have to be considered in relation to the compensation that would be offered to those who would be flooded.

Mr. FULTON: That of course would be a matter of determination within the province of British Columbia.

Hon. Mr. LESAGE: It would run against 5 if it was possible to develop Murphy creek. Six is not in question.

Mr. FULTON: There is no power generated there.

Hon. Mr. LESAGE: There is no on site power. It is against 7 and 8, and 9 does not apply.

Mr. FULTON: In other words, according to that set of principles it is a pretty bad proposal.

Hon. Mr. LESAGE: That is what I have said all along.

Mr. FULTON: Now, I do not know whether the minister cares to elaborate but, as I understand it, you say it runs against the principles enunciated under heads 1, 2, 3, and 4, although 4 as I understand it would have to be settled entirely within the province of British Columbia, 5, 7 and 8. Now, I am content to leave it there unless the minister feels there should be some elaboration.

Hon. Mr. LESAGE: I wrote a letter to Mr. Bailey which was referred to in the House of Commons by Mr. Herridge and in the letter I set out the

arguments against the Kaiser dam proposal. I believe the arguments in that letter are in fact an elaboration of the answers which I have given to your questions.

Mr. FULTON: Then would I be safe in assuming that if this bill passes and the Kaiser Corporation or its Canadian agency, came down here to apply for a licence it would not be granted?

Hon. Mr. LESAGE: It all depends. They could bring a different proposal.

Mr. FULTON: On the basis as you presently understand it.

Hon. Mr. LESAGE: On the basis of the present agreement with British Columbia I do not believe it could be allowed. I hate to give judgment in advance, but I believe it is clear this agreement does not comply with the majority of the principles which should govern the licensing of works of international river improvements.

Mr. FULTON: Are there any of the particular principles enumerated here which you would regard as of greater weight in comparison with the others? Would you care to distinguish there to give us in a few words what is regarded here as the main objective?

Hon. Mr. LESAGE: Well, I believe that the opening sentence really contains the main objective:

"To be eligible for licensing, the construction and operation of international river improvements must be designed for the purpose of developing and utilizing the water resources of Canada in the national interest."

Mr. FULTON: These other headings, 1 to 9 of the outline might be amplifications or details of what you feel are not in the national interest?

Hon. Mr. LESAGE: That is right.

Mr. FULTON: In considering these regulations and the basis upon which they would be enacted to what extent as yet have you had consultations with any provincial government spokesman or provincial permanent officials?

Hon. Mr. LESAGE: Personally I have had none.

Mr. FULTON: You or your department?

Hon. Mr. LESAGE: We have not had any. As a matter of fact it was difficult to have any dealings in the case of the Kaiser dam for instance. I do not know how we could have had any dealings with the British Columbia provincial government. We never were advised of the possibility of such an agreement.

Mr. FULTON: I was going to ask the converse. To what extent were you or your department or to your knowledge any other agency of the federal government consulted by the provincial authorities before this deal was made?

Hon. Mr. LESAGE: The only agency which was consulted was General McNaughton who received a telegram dated the 17th.

Mr. FULTON: The day before?

Hon. Mr. LESAGE: No, the very day it was signed, a telegram from Mr. Sommers saying he intended to sign an agreement with Kaiser, and General McNaughton wired the following morning asking him to delay any decision until the studies were completed or were more advanced. The answer of Mr. Sommers on the same day was that—the agreement had already been executed. That was the only consultation that has been had. We were not consulted, and General McNaughton and his people who had gone to the province to let the provincial government of British Columbia know what was going on in their studies were never advised that a monkey-wrench was thrown in their plans or surveys.

Mr. FULTON: I take it then from your answer to the two questions there has been to date, apart from the limited "consultation" which you have outlined, no other discussions of any sort on this particular proposed Kaiser project?

Hon. Mr. LESAGE: No. I may say that at any time I would be ready to discuss any possibility of understanding or any possibility of reaching some kind of an agreement if they wish to come to an understanding. I am ready for cooperation and consultation. I believe I have come to an understanding with Mr. Sommers in the case of the Fraser River Board. During the fall we have been in consultation from time to time on the Fraser River Board in order to amend its terms of reference. At the same time this agreement with Kaiser was going on and never did we know anything about it, in spite of the fact the federal government under the estimates of my department had been spending \$3 million to survey the Columbia watershed.

Mr. FULTON: Let me ask you this, following on from the answer you have just given and the indication of your readiness to consult and to confer, would it be fair to suggest this, that you would be ready to confer with the provincial authorities in connection with the drafting of the actual regulations under which the conditions for licence are to be laid down?

Hon. Mr. LESAGE: This is the Canadian government's responsibility, but I will certainly be ready at any time to hear any presentations and to discuss them. I have never refused to discuss with any provincial authorities and I am always open for discussion and consultation.

Mr. FULTON: That is the answer I hoped I would secure. I realize you must step aside from your authority and your responsibility, but so long as you are prepared to hear their views—

Hon. Mr. LESAGE: Certainly.

Mr. FULTON: Then in that connection I notice in this statement of principles and particularly with respect to the particulars of eligibility, part A, there is no reference to any requirement in the Act to confer licences that requires an applicant to satisfy you as to whether or not he will be given a licence by the provincial government. I don't know what the attitude of the provincial authorities there would be but since any international river improvement within the definition of the Act would, as I understand it, require also a water licence from the provincial government I am wondering whether it might not be appropriate to consider that before they come down to you to apply for licences they should be in a position to satisfy you that the provincial government has either granted or indicated its intention to grant a licence for the same purpose so that the two governments won't be working at cross purposes?

Hon. Mr. LESAGE: You are talking about British Columbia, but I want to be sure that in all provinces the water rights are in every case the property of the provincial government. That I am not sure of. That is why I have difficulty in answering your request. I don't know.

Mr. FULTON: The thought I have in mind is that it would be desirable if possible to avoid a situation where you have an applicant applying to the federal government for a licence which would be quite unacceptable to the provincial government. I think very strongly the reverse should not be the procedure also, that they should not ask for a licence on an international river which would run contrary to the principles laid down here.

Hon. Mr. LESAGE: Well, we will certainly consider the possibility of putting in the requirement that if a provincial licence is required that such licence has been obtained or has been applied for.

Mr. FULTON: And some assurance given of that.

Hon. Mr. LESAGE: Yes.

Mr. FULTON: That is very satisfactory. Then, coming to the other branch of my questioning with respect to the suggested diversion of the Columbia river I wonder if Mr. Patterson or somebody here could give us a brief statement as to the status of that suggestion. We have been discussing it here and I know for myself at any rate a lot of my thoughts on the question of this whole matter have been related to this suggested diversion. How concrete is it? Would you give us in a few words or as few words as you can what stage you have arrived at in your consideration of this possibility?

Mr. T. M. PATTERSON: Well, Mr. Chairman, we have examined this possibility of diverting water from the Columbia to the Fraser to the point where we are convinced that it warrants investigation. What the outcome of that investigation will be we cannot say at this time, but my department has indicated that it is prepared to put money in the estimates sufficient to carry out this preliminary examination and it proposes if the vote passes the House to conduct that investigation during the coming open season.

Mr. FULTON: I take it from your answer, Mr. Patterson, that as at present there has been no actual ground engineering survey with respect to that possibility?

Mr. PATTERSON: No, I cannot say that there has not been any. Our forces have investigated the two alternative possibilities at the Columbia river's end. They have carried the study over into the headwaters of the Thompson river basin. We thought it essential to have that much information before considering the over-all scheme. The results of those investigations have been encouraging enough to make us consider that a larger survey should be made.

Mr. FULTON: Now, I think I understood this afternoon from Mr. Lamontagne's evidence that the surveys which will be taken if the vote is approved in the House will be completed in 1957.

Hon. Mr. LESAGE: 1956, middle of 1956.

Mr. FULTON: But the report will not be ready until later?

Hon. Mr. LESAGE: No, the report regarding the diversion. . . .

Mr. LAMONTAGNE: That was the Columbia reference.

Hon. Mr. LESAGE: As to the Columbia reference, the work will be finished in 1957 and we expect to have a full report in 1959.

Mr. FULTON: But regarding this investigation it is expected the report will be made in 1956?

Hon. Mr. LESAGE: For the Columbia diversion the middle of 1956; for the whole Columbia system the survey will be terminated in 1957, and we expect a full and final report in 1959.

Mr. FULTON: Thank you. Mr. Patterson, can you tell us on the basis of your present thinking on it what are the potential diversions which can be made and what are their potential uses?

Mr. T. M. PATTERSON: Mr. Chairman, our engineers in the field are at the present time making studies to determine how much water can be diverted without interfering with downstream interests. We do not have the answer to that question in the first place and that is quite an involved study because every year the hydrographs are different and we have to be in a position to know at what stage we would start to interfere with existing rights on the river in the United States.

Mr. FULTON: Then, I would not expect you to go into very much more detail there, but I really am more interested in what you visualize, if that is the proper word to use, actually visualize as to the potential use of the diversionary waters.

Hon. Mr. LESAGE: In the Fraser?

Mr. FULTON: Yes, and if possible the Okanagan. Can those two proceed together?

Mr. T. M. PATTERSON: They could proceed together or they could proceed separately. One is quite independent of the other, but they could go forward together, the two studies. The extent to which the flow of power can be developed in the Fraser basin is something which will be determined by means of surveys which will be carried out in the coming summer.

Mr. FULTON: Mention was made this afternoon of the potential use of this diversion for irrigation in the Okanagan. After re-reading the evidence I realized I had anticipated General McNaughton, for which I apologize. He was using the term "Okanogan" in the true geographical sense. I did not realize he was contemplating a diversion of the water down into the Okanagan valley. In that respect, with regard to the diversion of the water, has your preliminary thinking got to the stage where you think it would be of primary value for irrigation or for power purposes, and if so in which of the two areas would it be most beneficial?

Mr. T. M. PATTERSON: I do not think that there can be any doubt that the diversion of the Columbia river away to the Fraser basin would be primarily of power value. The volume of water involved is such that there is no indication that there are irrigation projects which would require this volume of water.

Mr. FULTON: In the Fraser?

Mr. T. M. PATTERSON: In the Fraser.

Mr. FULTON: You feel that there is sufficient water there now for irrigation purposes?

Mr. T. M. PATTERSON: I think that if the water which is in the Fraser now could be controlled it is ample for any irrigation projects which exist in the district.

Mr. FULTON: It might be a question then of getting cheaper power to utilize the water?

Mr. T. M. PATTERSON: I think the cheaper power would be a very big asset.

Mr. FULTON: With respect to its potential use for irrigation, do I understand you regard that as being of more interest from the point of view of diversion down the Okanagan?

Mr. T. M. PATTERSON: I believe there is ample water in the Fraser to handle any irrigation projects which may develop in the Okanagan. They have more land than water and it is suitable land for irrigation.

Mr. FULTON: Down the Thompson and Fraser valleys we have more land than water and it is suitable land for irrigation.

Mr. FULTON: Down the Thompson and Fraser valleys we have more land than we can at present irrigate. We have a lot of potential irrigable land there which is not now irrigated.

Mr. T. M. PATTERSON: You also have a lot of potentially useful water in the Fraser at times. If it could be controlled it would be useful.

Mr. FULTON: What about the degree of cooperation with the provincial authorities while you are making this survey—what have you in mind? Are you going to undertake this exclusively yourselves, or are you looking for the engineers and officials of the provincial government to work with you from the beginning of this survey?

Mr. T. M. PATTERSON: In all our investigations in connection with the Columbia river, as I indicated some time ago, there is a member of the provincial civil service on the engineering board who will be fully cognizant of any of the work that is done. There will be cooperation between our technical people.

Hon. Mr. LESAGE: At the official level.

Mr. FULTON: On specific things such as this. But I take it that was not the case in the case of any engineering survey in connection with the Kaiser dam.

Mr. T. M. PATTERSON: I do not know what surveys the province made in connection with the Kaiser dam. I believe the company made its own survey and they also used some of the surveys we had made.

Hon. Mr. LESAGE: Which you had supplied to the province?

Mr. T. M. PATTERSON: That is right.

The CHAIRMAN: I do not want to interrupt Mr. Fulton, but it is already 25 minutes since you began to speak and there are other members who wish to ask questions.

Mr. FULTON: This proposed survey of the Columbia diversion would not in any sense come as a surprise to the provincial officials at the present time?

Mr. T. M. PATTERSON: At the present time I think they must be thoroughly familiar with it.

Mr. FULTON: I am trying to get at whether the intention to make the survey was known to and discussed with provincial officials.

Mr. T. M. PATTERSON: Mr. Chairman, in answer to Mr. Fulton's question I am not in a position to say at what stage our representative in British Columbia first discussed this matter with the provincial representative, who is the deputy minister of Lands and Forests for British Columbia, but they did discuss all these matters and I assume that it has been discussed before. In the engineering committee we also have what we call a work group. There are other provincial people on that work group.

Mr. FULTON: Please do not misunderstand me, I am quite sure that no member for British Columbia and no member here wants to see a repetition of what happened in connection with the Kaiser dam. We want to be absolutely sure that that situation cannot arise in connection with the projected Columbia diversion or any other type of potential development of that river.

Mr. T. M. PATTERSON: We are not holding back from the provincial officials whom we are working with.

Hon. Mr. LESAGE: On this question members of the committee will no doubt recall that General McNaughton in an answer to a question by Mr. Byrne said that he, General McNaughton, had written fully to Mr. Bennett to give him all the reasons for making the survey of that possible diversion. Mr. McNaughton advised Mr. Bennett by letter, which I have read—a long letter—which letter was sent before approval by the Treasury Board was given to the amount of a quarter of a million dollars which is in the main estimates for 1955-56. So even before the Treasury Board had approved of the inclusion in the estimates of this quarter million dollars, Mr. Bennett was advised in writing, in a letter written by General McNaughton, giving all the details and all the reasons why he was asking for the inclusion of such an amount in the estimates.

Mr. FULTON: Thank you for reminding me of that. Now my next question is this.

Mr. CHAIRMAN: You stated that was your last.

Mr. FULTON: Yes, Mr. Chairman, but other people gave other answers. Would you say a word, please, as to the cooperation between your department and the Dominion-Provincial Board of the Fraser river basin in connection with this survey of the suggested diversion, because it is obviously a matter which comes right under the purview of that board. The terms of reference include the study of flood control, irrigation, and power development on the Fraser river system.

Hon. Mr. LESAGE: This, of course, has nothing to do with the bill. I say, in all deference, that I would rather not discuss it at this time because while I have reached an understanding with Mr. Sommers, we are still in the process of preparing a formal agreement. You will understand that it would be difficult for me to discuss it.

Mr. FULTON: We should leave that for your estimates?

Hon. Mr. LESAGE: You could leave it for my estimates. I hope that by that time a formal agreement will have been made. We have agreed on the principles, but the formal written agreement has yet to be concluded.

Mr. FULTON: Because it is still under discussion.

Hon. Mr. LESAGE: Yes.

The CHAIRMAN: Now, Mr. Pearkes.

Mr. PEARKES: Might I ask the officials if they could tell me what would be the price of power sold at the border which was produced from Murphy creek or Mica dam, if they were built?

Mr. T. M. PATTERSON: Mr. Chairman, in answer to General Pearkes' question, we still have under discussion the possibility of building a power development at the Murphy creek site, and until that investigation is completed, we are not in a position to indicate what the price of the power might be at the boundary.

Mr. PEARKES: And the same applies to Mica creek?

Mr. T. M. PATTERSON: At Mica creek our investigations have gone considerably farther. We have had a firm of consulting engineers design a dam at that point and develop the cost of installing the electrical equipment. I do not know that I have seen a price laid down for delivery of that power to the boundary; based on figures of prices at the power plants, where it would be developed, and estimates made of transmission over any particular distance.

Mr. DAVIS: I think it should be borne in mind that many of these projects in Canada are valuable not only for their on-site power, but for the storage benefits which they generate in the whole basin. Therefore, when you ask what would be the price of power resulting from Mica creek you are not only asking how much power will be produced at the site, but how much is the benefit right down the system into the United States, and how much of that will accrue to the people who build the Mica creek project. Until you know what the division of the benefits are, you really do not know what the price of power is going to be, at least to the people who build the dam.

Mr. PEARKES: At what cost would you have to produce the power in order to be able to sell it in the competitive market at the border? In other words, what is power selling for at the border now, power which may be generated in any of the Bonneville plants? That is turning my question around the other way.

Mr. DAVIS: The average price of power sold by the Bonneville power administration—if you take their total kilowatt hours produced in a year, and the total revenue received in a year—runs very close to two mills per kilowatt hour; that is very low, for the major reason that the Grand Coulee dam and the Bonneville dam—the Grand Coulee dam retains most of the river in the

United States under regulation. Both of them, were built in the 1930's. Both were built at prices at that time. Both were built with substantial sums of money charged not against the cost of the power but for flood control and irrigation. The amount of money charged against them for power was very low. Consequently we have what in a sense is an obviously low price for power in the Columbia basin on the United States side. Moreover it was publicly financed. That is another reason.

In addition the rate of interest I think was around $2\frac{1}{2}$ per cent. So the power which is being sold in bulk on the United States side at the new projects in the United States, even the public financed ones which are being built at today's prices, is costing in the vicinity of four or five mills.

Privately promoted and built power projects are similarly priced, if not higher, because of the higher rate of interest and the shorter terms of writing-off.

Mr. PEARKES: Yes. So if we were able to export power to the United States, it would have to compete with those prices.

Mr. DAVIS: It would really have to compete with the latter prices because if you assume that the United States could not find cheaper on-site to develop on their side of the boundary, then their alternative is to pay four mills for Canadian development; they cannot get any more two mill sites. So the competitive price is rising.

Mr. PEARKES: I was rather under the impression that no power was being sold at five mills, and that it was all sold for rather less than five mills.

Mr. DAVIS: It is hard to know in some instances what the power is being sold for, because where a generating agency is also selling at retail, they can sell at prices which are many times that figure. With a major generating agency such as the Bonneville power administration, which stays with generating and transmission, their cost is their price, or their price is their cost. Their incentive is to go in for storage anywhere, including sites in Canada as well.

Their incentive is to attempt to introduce new facilities which will keep their average down to two mills. There are new projects in the United States which are forcing them up such as the Ontario Hydro and other concerns. So they wish to dilute those rising costs with storage of water. That is one answer to it.

Mr. PEARKES: Bearing in mind the lack of information—do not answer this question if it not a fair one—do you think that you can produce power either at Murphy creek or at Mica dam which could be delivered at the border for five mills?

Mr. DAVIS: I am sure that if benefits accrued back in connection with the resources which are located at the two projects—I have yet to see a division of the benefits like fifty-fifty, because each project probably has a separate division of its own; but if Mica creek was to have accrued to it some proportion like that of downstream benefits, the predicted price of the power would be very low, certainly below four or five mills.

Mr. PEARKES: Below four or five mills?

Mr. DAVIS: But the fact it is below that includes those storage benefits.

Mr. PEARKES: Might I ask the minister whether, given your conditions and ability, there could be some paragraphs placed in there which would indicate that there was a practical market for the power if a licence should be granted? Is that covered in any of these items? If not, may I suggest that you give consideration to it and see whether it might not be worthwhile to include it.

Hon. Mr. LESAGE: Thank you very much. My assistant deputy, Mr. Lamontagne, was just telling me that he has worked with Mr. Davis on some wording which would cover your point. It would be something along these

lines: In granting a licence, it should be made sure that the potential benefits of a project are in fact realizable and that the licensees are financially capable to carry the project to completion so that the project is, in that respect also, to the general advantage of Canada.

Mr. PEARKES: It did not seem to me to be covered.

Hon. Mr. LESAGE: Thank you very much, General. We will still work on this wording.

Mr. PEARKES: Who is the representative of your department now in British Columbia? Is he in New Westminster?

Hon. Mr. LESAGE: He is Mr. Warren in Vancouver. We have about forty technical people under Mr. Warren in British Columbia.

Mr. PEARKES: This is not related in any way to the Columbia basin, but could you tell us very briefly whether there has been any investigation in northern British Columbia, particularly in those rivers such as the Stikine and the Taku, flowing through the Panhandle of Alaska?

Hon. Mr. LESAGE: There is an investigation going on, on survey permits from the British Columbia government and from the federal government. Surveys on the possibility of diverting the head waters of the Yukon to a series of lakes and to the Taku river are going on. These investigations are made by Northwest Power Industries Limited, which is a subsidiary of Quebec Metallurgical Industries, which is in its turn a subsidiary of Frobisher, which is in turn a subsidiary of Ventures.

Mr. PEARKES: Will you have an item in your estimates covering this expenditure?

Hon. Mr. LESAGE: We could supply that to you when we come to our estimates, General.

Mr. PEARKES: Thank you. See that it is a reasonable amount, will you?

Mr. BARNETT: Mr. Chairman, one of the questions which I wanted to ask has already been answered, in part at least. I had in mind what was contained in Part B of this outline of principles, and I was going to raise the question as to whether in the contents of the brief consideration had been given to the matter that the applicant must submit some evidence of financial responsibility.

Hon. Mr. LESAGE: Yes.

Mr. BARNETT: There did not appear to me to be any mention of that. My second question related either to that Part or perhaps to Part C. That was a question in relation to what you might have in mind with regard to transferability or otherwise of the licences? The reason why that is perhaps related to the question of financial responsibility is that it would be apparent, I think, that a licence, although no fees are required, might in itself be a very valuable thing to the possessor. I was wondering what consideration had been given to ensuring that there would be no, shall I say, trafficking in these licences as issued by the federal government. Assuming that the other steps had been followed through with the proposal which came from Mr. Fulton, and, where provincial licensing for water rights is required, assuming that the licensee had met all those other requirements and then had a federal license in his hand, if there was no adequate assurance that the holder of that licence was financially responsible and was not going to use that licence to his own financial advantage in turning it over to some one else, there might be danger of abuse.

Hon. Mr. LESAGE: We will make sure that the applicant is serious about his project and is in a financial position to carry it out. Otherwise no licence will be issued. We will provide for that, and I thank the hon. member for having brought up the question.

Mr. BARNETT: What is your thinking on the matter of transferability?

Hon. Mr. LESAGE: I cannot foresee now that there could be any trafficking in that kind of licence. No fees will be prescribed for the issuance of a licence and it is not like, shall I say, a beer licence. A licence would be merely given for the works. It would apply more to the works than to the personality of the applicant.

Mr. FULTON: It is a licence to spend a lot of money.

Hon. Mr. LESAGE: I do not see that there could be much trafficking in that kind of licence.

Mr. BARNETT: Did you not mention something about beer licences?

Hon. Mr. LESAGE: It is not a question of choosing between applicants. It is a question of approving or disapproving some proposed works. It is a far different matter.

Mr. FULTON: When it comes to a question of transfer, would it be the individual who is licensed or the work itself?

Hon. Mr. LESAGE: The licence would be issued in the name of the applicant, but, as is stated here: "The terms of a licence will cover the physical and economic conditions under which the improvement must be constructed, operated and maintained." So really the licence will describe the works. It will be issued to the applicant, but it will really describe the project.

Mr. MACNAUGHTON: It would apply to the project, and the project would hardly be an individual person. If he died tomorrow, think of what might happen.

Mr. HERRIDGE: Mr. Chairman, I should like to ask two or three questions of Mr. Patterson. He said that the engineers of the Kaiser Corporation had conducted extensive surveys at the site of the proposed Kaiser dam. Have they supplied your department with any findings as a result of their surveys?

Mr. T. M. PATTERSON: No recent findings, Mr. Chairman, have been provided our department, so far as I am aware. In the early stages, representatives of the company visited Ottawa and at a meeting which was held in General McNaughton's office, and which I attended, they indicated what their plans were and they gave us copies of their report at that time. They were then proposing to make further investigations. I have not received any results of the further investigations.

Hon. Mr. LESAGE: Did they leave the plans with you?

Mr. T. M. PATTERSON: I have a copy of their early reports.

Mr. HERRIDGE: Did they inform you at all of the amount of water which they intended to store in the Arrow lakes?

Mr. T. M. PATTERSON: At the time it was discussed with their representatives, they spoke of 3,300,000 acre feet.

Mr. HERRIDGE: The agreement between the government of British Columbia and the Kaiser Corporation reads 3 million acre feet of useful storage, and official releases from the government of British Columbia have also stated 3 million acre feet. Could you give the committee any idea of how much the elevation of the waters would be raised as a result of say the difference between 3 million acre feet and 3,300,000 acre feet in the Arrow lakes, as an estimate?

Mr. T. M. PATTERSON: I do not recall the figure exactly, but I have the impression it is in the neighbourhood of something like 100,000 acre feet per foot rise.

Mr. HERRIDGE: Thank you.

Mr. GREEN: Mr. Chairman, would the minister tell the committee whether there has been any consideration given to the possibility of setting up a Columbia river basin authority on a joint basis with the provincial government?

Hon. Mr. LESAGE: Not to my knowledge.

Mr. GREEN: No study of that arrangement has been made at all?

Hon. Mr. LESAGE: Not to my knowledge. There might have been at a provincial level I do not know.

Mr. GREEN: Would the minister's department be interested in looking into a plan of that kind?

Hon. Mr. LESAGE: Well, the water resources as resources are a provincial responsibility. Their development is primarily a provincial responsibility. Whenever a joint board has been set up, to my knowledge it has been set up on the initiative of provincial governments. That was the case for instance, for the Eastern Rockies Conservation Board: it was at the suggestion of the government of Alberta. It would not be easy for the federal government to propose to a provincial government the setting up of an authority in which we would have a lot to say about the development of resources when the development of these resources is the primary responsibility of the province. If you were in my position, Mr. Green, I believe you would rather see the provincial government come to you and ask you for such a thing. It is the normal and natural process.

Mr. GREEN: Is this not one of the problems which is almost insurmountable for the provincial government to finance a scheme of this kind which would be required to put in some of these plants which General McNaughton is advocating. If there was some method devised by which the dominion credit made the necessary money at low rates of interest available to a joint authority, would not the result be that these plants would be far more likely to be built than they would be under other conditions?

Hon. Mr. LESAGE: If Premier Bennett was telling me what you are telling me now I certainly would talk to him for a long time on the possible avenues of settlement.

Mr. GREEN: In the conditions of eligibility which you set out there are conditions which will require some person or some group to give very careful and highly trained consideration to these problems. Has there been any consideration given to setting up a special government body such as a national energy board something similar to the Air Transport Board, on which there would be experts, for example, men like Mr. Davis and Mr. Patterson who could weigh these problems and make recommendations to the government rather than have one official in one department and another in another department which is a more or less hit or miss way of dealing with these problems?

Hon. Mr. LESAGE: I could not say that such a proposal had been under formal consideration but I know there have been discussions between officials about the advisability of not necessarily setting up an energy board but of establishing an inter-departmental committee to exchange views on the overall policy.

Mr. GREEN: This question of hydro development is only one side of the matter, other sides being oil and natural gas and so on?

Hon. Mr. LESAGE: Well, Mr. Green, you can group under the term "energy" the use for energy of a number of natural resources in Canada. To what extent are they related, to what extent can we have one policy making board or organization—

Mr. GREEN: Just a recommending board.

Hon. Mr. LESAGE: Policy recommending board.

Mr. GREEN: And administrative.

Hon. Mr. LESAGE: It is difficult to answer. There have been some discussions between officials I know, but I would not say there has been any formal consideration up until now.

Mr. GREEN: You gave us on the 4th of March a list of about 40 rivers which would be considered international rivers. Now that there are changes proposed in the bill which have the effect of taking out irrigation schemes and schemes for consumptive use of water, will the result be to cut down the number of rivers which are affected by the bill?

Hon. Mr. LESAGE: I do not know. It all depends on the extent to which we can say that we know in advance—that my experts know in advance—that it is impossible to build reservoirs on these rivers or tributaries for power development or any use different from the uses which have been excluded.

Mr. GREEN: I think that 9 of these 40 odd rivers are in the Columbia system, so we take them out of the picture. Now, can you tell us which other rivers on this list really pose problems that will require control under this bill?

Hon. Mr. LESAGE: Mr. Patterson is in a better position to answer that question.

Mr. T. M. PATTERSON: In answer to Mr. Green's question, Mr. Chairman, I do not think that at this stage that we could predict what river might present a problem or would require licensing under this bill. If you give consideration to the Agassabon river which flows into Lake Superior, it is a very small stream in itself and you might consider that it never would have come into consideration on account of its size, but the Hydro-Electric Power Commission of Ontario diverted the flow of the Albany river into this stream and put works on this stream which increased the flow of the Great Lakes system, Niagara river, and St. Lawrence by 1100 acre feet annually which is a very valuable asset worth some 30,000 horsepower at Niagara and some additional 20,000 or so in the St. Lawrence reaches. So, I do not think it would be wise to eliminate rivers from the list. I think the proper thing might be to exempt certain uses as is being suggested in the bill.

Mr. GREEN: I do not want you to say they are going to be eliminated, but are there any of them which do pose the same problem that we have in the Columbia river?

Mr. T. M. PATTERSON: I think the answer to that is there are no active problems on those other rivers that I am aware of other than the Taku river up in northern British Columbia and the Yukon.

Hon. Mr. LESAGE: Did your question relate to any system apart from the Columbia, not only in British Columbia, but all over Canada?

Mr. GREEN: Yes.

Hon. Mr. LESAGE: Then, there is the St. John river.

Mr. GREEN: This evidence is really all centred on the Columbia and I wonder if there are any other rivers which cross the boundary, from coast to coast, which are really involved in this?

Mr. T. M. PATTERSON: Well, those which at the moment appear to offer active problems would be the Taku river in northern British Columbia and the St. John river down in New Brunswick where storage is proposed in a tributary river on the boundary portion of the St. John river. Those are the only ones I can think of at the moment that might be active.

Mr. GREEN: There is nothing on the Stikine river? You have no application for exploration on the Stikine river? I heard the other day somebody wanted to back up the Liard and turn it back into the Stikine and the result would be a power development a great deal bigger in potential than the one on the Taku River.

Mr. T. M. PATTERSON: Mr. Chairman, I have heard references to some such proposal, but I have no knowledge that any application has been made to any provincial or federal authority to institute it.

The CHAIRMAN: Gentlemen, shall we say that at this stage we have finished with the minister and can excuse him and the experts?

Mr. Low: There are a few questions that I would like to ask.

The CHAIRMAN: We can sit a little longer. Please proceed.

Mr. Low: Mr. Chairman, my questions at first have to do with the Kaiser project. The minister gave us his opinion that the Kaiser project would be out of harmony or impossible under the outline of principles that were presented to us earlier today.

Hon. Mr. LESAGE: I said the Kaiser project if it is the one which has been agreed to between British Columbia and Kaiser Aluminum, which agreement I have read. If you make amendments to this agreement it might be different.

Mr. Low: I was just going to ask, Mr. Chairman, if the minister did not give his opinion solely on the basis of the agreement which he has seen, that is, the preliminary agreement between the British Columbia government and the Kaiser Aluminum Corporation?

Hon. Mr. LESAGE: How could I give my opinion on anything else?

Mr. Low: Well, is it not possible that you have heard that that was not a finalized agreement?

Hon. Mr. LESAGE: Well, it is up to the parties to change an agreement whenever they wish to. What is known as the Kaiser project is the one outlined in the agreement between Kaiser Aluminum and the British Columbia government dated the 17th of September, 1954 that has been tabled in the House of Commons. That is the only one I know of.

Mr. Low: If an agreement were presented to you which included, let us say, a provisional water licence which would become part and parcel of the agreement and which would include the performance of a guaranteed bond to guarantee the delivery of whatever power was to be agreed on as part payment for the water service then you would not be in a position to say that such an agreement would be out of harmony with the outline of principles?

Hon. Mr. LESAGE: I would have to look at the new agreement in the light of the considerations that are mentioned in this paper that I have read this afternoon.

Mr. Low: And if they were found to be in harmony with these principles?

Hon. Mr. LESAGE: If they were found to be in the national interest, the national interest being as defined there, of course I believe that discretion should be exercised in the affirmative.

Mr. Low: Thank you. Now, Mr. Chairman, I hear something about plans and I wanted to ask a question—

Hon. Mr. LESAGE: If I had known English better I would have chosen a word which was more appropriate.

Mr. Low: I thought the minister told me earlier there were no plans that the government had for the development of—

Hon. Mr. LESAGE: Well, again I should not have mentioned the word "plan". I did not have the work plans in mind. I should have said: "what was envisaged as the possible optimum development of the Columbia watershed."

Mr. Low: Well, we will leave that for the moment.

Hon. Mr. LESAGE: Well, all right, but I believe the word "plan" in the sense of planning was not accurate.

Mr. Low: I was just wondering how anyone could say that anyone in the British Columbia government should be thrown into plans if there were no plan?

Hon. Mr. LESAGE: I meant what was envisaged by General McNaughton as the optimum development of the Columbia watershed.

Mr. Low: Now, I would like to ask Mr. Patterson a few questions about the question of interchange of information. Mr. Patterson has been in this branch for quite a long time and knows perhaps as much as anyone about what has gone on in British Columbia. I was wondering just what information was passed on to the British Columbia government about the International Joint Commission's plans or over-all proposals for the development of the Columbia basin.

Mr. T. M. PATTERSON: Mr. Chairman, in answer to that question I might say that all the plans, the field surveys, are carried out in the basin. The original planning is done in our field offices, comes to Ottawa and eventually gets to General McNaughton's office, but in the field offices the British Columbia government has a representative on that engineering committee, as I have pointed out here, it has representatives on the work group who work out the details of the different proposals that come up. Some are accepted, some are discarded, but I think the officials of the British Columbia government are kept fully informed and are supplied with copies of all the basic data that we get in the field. They work on that data along with their own people and are a party to what goes forward to Ottawa.

Mr. Low: Has there been full cooperation at the official level as was mentioned earlier tonight between the British Columbia government and the International Joint Commission?

Mr. T. M. PATTERSON: I consider there has been complete cooperation apart from some person interjecting, something about the Kaiser dam which we did not have the full information on from the provincial officials and I do not know how much information they had either.

Mr. Low: Mr. Chairman, let us go back to the 17th of September, which is when the agreement was signed with the Kaiser people. Now at that time was there any federal legislation to which the British Columbia government would be running counter in signing such an agreement?

Mr. T. M. PATTERSON: I don't know that there was any federal legislation that they would be running counter to, but they were participating with federal people in an investigation of the best way to develop the resources of that basin. The federal people were spending large sums of money and using technical personnel on those studies and it would seem that if they had a plan that they wanted to bring forward that it would have been brought forward and discussed at that official level with the engineers.

Mr. Low: Was there not at the time considerable doubt about the feasibility of the Murphy creek project?

Mr. T. M. PATTERSON: The Murphy creek project at that time we had some drill hole results some of which on one side of the river were quite discouraging which meant we had to shift the axis of that Murphy creek dam but I don't think that we had discarded the thought of that as being a desirable place to build a power dam.

Mr. Low: At that time too is it not true that the British Columbia government had been operating under the provincial British Columbia Water Act of 1897 and thought that they had complete jurisdiction over water resources within the province?

Mr. T. M. PATTERSON: I assume that they felt that way, certainly.

Mr. Low: Would you say therefore that there was lack of cooperation at official level if they went ahead under an Act of their own and in the absence of any other legislation?

Hon. Mr. LESAGE: Well, this is a question of interpretation, I believe. Mr. Patterson is an official, a civil servant. If you want an answer I will give you one. We never complained of a lack of cooperation from the government of British Columbia on this business of the Kaiser dam. They are the ones who complained about the lack of cooperation that they got. They had our cooperation without telling us anything and now they complain. Maybe the Vancouver papers do not report Mr. Bennett accurately but according to those papers, he complained that there was a lack of cooperation from Ottawa in that case. Well—if there was a lack of cooperation it was certainly from Victoria. I don't hold it against him. When he comes here I will be friendly and ready to discuss any problem with him.

Mr. Low: There was one allusion to a lack of cooperation at the political level, there was something said about fair cooperation I think it was at official level. So far as I am concerned Mr. Chairman, I would like to follow up at another time this particular subject and find out exactly how the International Joint Commission and the provincial committee set up their arrangement—what kind of cooperation is expected, and what each is entitled to do under whatever agreement they have. I do not know whether there is an agreement.

The CHAIRMAN: Gentlemen, I ask for your cooperation because we would like to wind this up so as to have the evidence in sequence. I would like the committee to sit a few minutes longer so that we can try and clear this up, and then the next meeting would be for the minister to take up odds and ends, after the Easter recess. If the committee would consent to sit a little longer and wind up these matters tonight, we would have more evidence to be sent to British Columbia and the other provinces, so that when we rise the provinces concerned will be in a position to know what is on the record.

Mr. Low: I would then to carry on this one instance...

The CHAIRMAN: Yes, I would like you to finish your questions tonight, instead of on another occasion.

Mr. Low: What I would like to do is to have the privilege after the British Columbia brief has been submitted, to ask the International Joint Commission representatives for their views about the type of cooperation which it is engaged in.

The CHAIRMAN: They are going to come back before us. When we study this matter item by item we can take up that point.

Hon. Mr. LESAGE: Mr. Patterson can give you an answer immediately if you wish.

Mr. Low: If you do not mind taking a minute, I would ask you under what kind of an agreement do you, representing the International Joint Commission, and the British Columbia water resources people operate.

Mr. T. M. PATTERSON: If you will allow me to go back to the initiation of this reference: in 1943 following an exchange of notes between the two countries in which Canada was invited to enter into a reference to the International Joint Commission, the Canadian federal government invited British Columbia to send a representative to Ottawa to consider this proposal and draft terms of reference to the commission. At that time Mr. Davis here then an authority on water rights in British Columbia came to Ottawa and had several meetings. Terms of reference were drafted which he took to British Columbia with him and considered with, I presume, his minister, and it was intimated that those terms were satisfactory and arrangements were made to meet with the United States representatives in New York. Mr. Davis accompanied the Canadian delegation to New York and the terms of reference were settled between the two countries with the full backing of the

government of British Columbia of that day. The reference was then sent to the International Joint Commission on March 4, 1944 and the commission shortly thereafter appointed an engineering board with two members from each country on it. The board in turn set up an engineering committee with two federal representatives from each country from the local offices—people who were “on the ground”—two in British Columbia and two in the United States in that area. In addition the federal government asked the United States people if there would be any objection if a third appointee was made from the Canadian side, being a representative from the province of British Columbia who would be an ex officio member of that engineering committee.

The United States agreed to that and at that time Mr. Melrose the then Deputy Minister of Land was appointed as the member representing the province of British Columbia. Underneath the engineering board a working group was set up, a larger number of junior engineer and officials, to compute and make the details of computations based on the basic data which was being turned in from the field and officers of the province of British Columbia were appointed to that working group. That arrangement has continued throughout the study.

Mr. Melrose has been supplanted by Mr. Bassett the present deputy minister, and various officials from the provinces have served with the working group.

In the committee they decide the different fields of study that have to be made, and who is going to make them. The province is conducting a soil survey throughout the Columbia river basin to determine what areas of that basin are suitable for irrigation, and what water would have to be set aside for this purpose. The province carried out a triangulation survey of the Arrow lakes for the board.

There is complete cooperation in the field studies, with the federal government providing most of the funds, while the province contributes in many ways with technical people and with a certain amount of funds where necessary.

It was made clear to the provincial representative on the committee that he was free to attend any board meetings. There is usually a board meeting held in the field in the summer. The engineering committee is always invited to that board meeting, and the provincial people participate in it.

In addition to that, the provincial member of the committee has been made aware that he is free to attend a meeting which may be held in Washington or here in Ottawa.

I think our relationship with the people throughout has been highly friendly and thoroughly cooperative.

Mr. Low: I think that is very good. It answers the question fully and I want to thank Mr. Patterson for it.

The CHAIRMAN: Shall we agree then to adjourn to the call of the chair? I wish to express the thanks of the committee to the minister, and to his experts, although they will be back with us at a later date.



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no. 8

Canada's External Affairs
Standing Committee, 1955

HOUSE OF COMMONS

Second Session—Twenty-second Parliament,
1955

Document
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STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

Bill No. 3, An Act respecting the Construction, Operation and Maintenance
of International River Improvements.

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WEDNESDAY, APRIL 27, 1955

WITNESS:

Honourable R. W. Bonner, Q.C., Attorney-General, Province of British
Columbia.

With APPENDICES being correspondence exchanged between the
Chairman and the Provincial Premiers since March 22, 1955.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE
ON
EXTERNAL AFFAIRS

Chairman: L. Philippe Picard, Esq.,
and Messieurs

Balcer	Diefenbaker	MacEachen
Barnett	Fulton	MacKenzie
Bell	Garland	Macnaughton
Boisvert	Gauthier (<i>Lac St. Jean</i>)	McMillan
Breton	Green	Montgomery
Byrne	Henderson	Patterson
Cannon	Henry	Pearkes
Cardin	Herridge	Richard (<i>Ottawa East</i>)
Crestohl	Jutras	Stick
Croll	Low	Stuart (<i>Charlotte</i>)
Decore	Lusby	Studer—35.

Antonio Plouffe,
Clerk of the Committee.

ORDERS OF REFERENCE

THURSDAY, April 21, 1955.

Ordered:—

That items numbered 92 to 111 inclusive of the Main Estimates, 1955-56, be withdrawn from the Committee of Supply and referred to the said Committee, saving always the powers of the Committee of Supply in relation to the voting of public moneys.

FRIDAY, April 1, 1955.

Ordered:—

That the name of Mr. Henderson be substituted for that of Mr. James; and
Ordered:—

That the name of Mr. MacEachen be substituted for that of Mr. Kirk
(*Shelburne-Yarmouth-Clare*) on the said Committee.

WEDNESDAY, April 27, 1955.

Ordered:—

That the name of Mr. Boisvert be substituted for that of Mr. Goode; and
That the name of Mr. Barnett be substituted for that of Mr. Regier on
the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

WEDNESDAY, April 27, 1955.

(11)

The Standing Committee on External Affairs met this day at 3.30 o'clock p.m., in Room 16. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Balcer, Barnett, Breton, Byrne, Cannon, Cardin, Crestohl, Croll, Decore, Fulton, Garland, Gauthier (*Lac-Saint-Jean*), Green, Henderson, Henry, Herridge, Jones, Low, MacEachen, MacKenzie, Montgomery, Patterson, Pearkes, Picard, Richard (*Ottawa East*), Stick, and Stuart (*Charlotte*). (27)

In attendance: *From the Province of British Columbia:* Honourable R. W. Bonner, Q.C., Attorney-General; Honourable R. E. Sommers, Minister of Lands and Forests and Minister of Mines; Advisers: H. Alan Maclean, Q.C., Esq., Deputy-Attorney General; E. W. Bassett, Esq., Deputy Minister of Lands; A. F. Paget, Esq., Comptroller, Water Rights Branch, Department of Lands; G. Kidd, Esq., Project Engineer, Water Rights Branch, Department of Lands. Also in attendance: T. H. Crosby, Esq., Chairman, British Columbia Power Commission; H. L. Briggs, Esq., General Manager, British Columbia Power Commission.

From the Department of Northern Affairs and National Resources: Honourable Jean Lesage, Minister; Mr. Maurice Lamontagne, Assistant Deputy Minister; and Mr. T. M. Patterson, Chief, Engineering and Water Resources Division, Mr. C. K. Hurst, Chief International Water Ways Section, Water Resources Division.

From the Department of Trade and Commerce: Mr. John Davis, Associate Director, Economics Research Division.

The Committee resumed from March 22, its study of Bill No. 3, An Act respecting the Construction, Operation and Maintenance of International River Improvements.

Honourable Mr. Lesage informed the Committee that he would accept the following amendment to Bill No. 3, suggested by Mr. Green, namely:

"As soon as practicable after the 31st day of December of each year, the Minister of Northern Affairs and National Resources shall prepare and lay before Parliament a report of the operations under this Act for that year."

The Chairman referred to communications which were exchanged between himself and the Premiers of the Province since the last meeting and these communications were ordered printed as appendices (*see Appendices to this day's Minutes of Proceedings*).

As agreed, the Committee proceeded to hear representations from the Province of British Columbia.

Mr. Bonner was called. He introduced the members of the British Columbia delegation: (*see attendance above*)

The witness read a printed brief, copies of which were distributed.

In the course of his presentation, Mr. Bonner referred to a map on the Columbia River Basin (Lower Arrow Lakes Area). Messrs. Paget and Kidd commented on its significance, identifying the areas concerned.

Before adjournment, Mr. Croll asked for the tabling of a series of documents communicating information to General MacNaughton, etc. Mr. Byrne also asked for the tabling of a copy of an agreement entered into between the Kaiser Aluminum Company and the Government of British Columbia.

At 5.35 o'clock p.m., Mr. Bonner's examination still continuing the Committee adjourned until Thursday, April 28, at 11 o'clock a.m.

Antonio Plouffe,
Clerk of the Committee.

NOTE: The following appendices comprise correspondence exchanged between the Chairman and the Provincial Premiers.

Appendix I

OTTAWA, March 25th, 1955.

The Honourable W. A. C. BENNETT,
Premier of British Columbia,
Victoria, B.C.

My dear Premier:

The Standing Committee on External Affairs has adjourned its sittings until April 27th, on which date it has agreed to receive a delegation from British Columbia.

Five copies of the printed evidence and minutes of proceedings have been mailed to you and the last ones will be on their way shortly. You will find enclosed, copy of a suggested amendment to the revised clause 7: the explanations given by the Minister of Northern Affairs and Natural Resources are contained in the report of the meeting of March 22nd.

I would appreciate receiving your suggestions as to the procedure to be followed on April 27th.

The head of your delegation will have no doubt a brief to submit to the Committee and might wish also to have some of the previous witnesses recalled; subsequent to which members of the Committee will want to ask your delegates or experts for further explanations. I would like to know if you prefer first to have the witnesses recalled and have your brief presented at a different meeting, afterwards, or vice versa.

It would facilitate the work of the Committee Clerk to hear from you about this, so as to notify the witnesses in order to ascertain their availability on the desired date.

I will try to arrange for the holding of two meetings on April 27th, afternoon and evening and to sit morning, afternoon and evening of the following days, until your case is presented as other provincial representatives may want to appear subsequently before the Committee.

May I respectfully suggest that it would help our Committee if your brief or any documents you may want us to consider were supplied to us in fifty copies at the start of the meeting.

Yours very truly,

(L. PHILIPPE PICARD).

STANDING COMMITTEE
OFFICE OF THE PREMIER
PROVINCE OF BRITISH COLUMBIA

VICTORIA, March 29, 1955.

L.-Philippe PICARD, Q.C., M.P.,
Chairman,
Standing Committee on External Affairs,
Parliament Buildings,
Ottawa, Canada.

Dear Mr. Picard:

In the absence of the Premier and Mr. Worley, I have for acknowledgment your letter of March 25th.

Your communication will be brought to the Premier's attention at the earliest possible opportunity.

Yours sincerely,

(Miss) J. BULL,
Departmental Secretary.

ATTORNEY-GENERAL
PROVINCE OF BRITISH COLUMBIA

VICTORIA, March 31st, 1955.

L. Philippe PICARD, Esq., Q.C., M.P.,
House of Commons,
Ottawa, Ontario.

Re: Standing Committee on External Affairs

Dear Mr. Picard:

In the absence of the Honourable the Premier your letter of March 25th has been directed to my attention.

I wish to thank you for the copies of printed evidence, minutes of proceedings and other material which we have received from your Committee from time to time.

I wish to defer momentarily the making of any suggestion as to procedure which might be considered by your Committee in connection with representations to be made by this Government. I will endeavour, however, to place such suggestions before you at an early date, bearing in mind not only the convenience of your Committee but also that of any witness whom it might be desirable to recall.

Yours truly,

R. W. BONNER,
Attorney-General.

A CANADIAN PACIFIC TELEGRAM

Victoria, B.C., April 13/55

L. Philippe PICARD,
Chairman Standing Committee on External Affairs,
House of Commons, Ottawa, Ont.

Please send airmail special delivery copies of Minutes of Proceedings and Evidence of Standing Committee on External Affairs. Have received only up to number six.

W. A. C. BENNETT,
Premier of British Columbia.

CANADIAN PACIFIC TELEGRAPHS

House of Commons
Committees Branch, Ottawa Ontario,
April 14, 1955

Honourable W. A. C. BENNETT,
Premier of British Columbia,
Victoria, B.C.

Your Telegram to Mr. Picard of April 13 stop printed Minutes of Proceedings and Evidence of Last meeting, Tuesday March 22, will be airmailed to you on April 15 tomorrow.

ANTONIO PLOUFFE,
Clerk of the Committee.

Victoria, 1955, March 14.

L. Philippe PICARD, Esq.,
Chairman,
External Affairs Committee,
House of Commons,
Ottawa, Ontario.

Dear Mr. Picard:

On behalf of the Premier I wish to acknowledge your letter of March 10th and thank you for sending for his information a copy of the remarks made by the Minister of Northern Affairs and National Resources to the Committee on External Affairs, together with the suggested amendments.

Yours sincerely,

R. B. WORLEY,
*Executive Assistant
to the Premier.*

APPENDIX 2

CABINET DU PREMIER MINISTRE

Province de Québec

Québec, le 18 mars 1955

Monsieur L.-Philippe PICARD, M.P.,
Président du Comité permanent des affaires extérieures,
Chambre des communes,
Ottawa.

Cher monsieur PICARD,

Relativement au Bill n° 3, "Loi concernant la construction, la mise en service et l'entretien d'ouvrages destinés à l'amélioration de cours d'eau internationaux".

Aux séances du conseil des ministres tenues mercredi de cette semaine j'ai soumis à la considération de mes collègues le projet de loi en question, la correspondance que nous avons échangée à date à ce sujet et la traduction française de la déclaration de l'honorable ministre du Nord canadien et des Ressources nationales, concernant les amendements projetés par le gouvernement fédéral. J'ai aussi fait part à mes collègues de l'opinion de nos aviseurs légaux.

Le gouvernement de la province de Québec considère que ce projet de législation fédérale et les modifications projetées en question viennent à l'encontre des droits et des prérogatives de la province et constituent des empiètements sérieux dans le domaine très important des ressources naturelles appartenant à la province, en particulier en matière de développements hydro-électriques.

En ce qui concerne la province de Québec, c'est notre intime désir de coopérer avec les autorités fédérales à l'unité nationale bien entendue et à la prospérité du pays, dans le respect intégral des droits et des prérogatives constitutionnelles de la province et du pays.

Nous formulons l'espoir que le problème particulier que le gouvernement fédéral a en vue pourra se régler à l'amiable et de manière à sauvegarder entièrement les droits et les prérogatives de la province.

Je vous remercie de nouveau de m'avoir fait parvenir les documents que vous avez eu l'obligeance de me transmettre.

M.-L. DUPLESSIS

(Translation)

PRIME MINISTER'S OFFICE

Province of Quebec

Quebec, March 18, 1955.

L.-Philippe PICARD, Esq., M.P.,
Chairman of Standing Committee on External Affairs,
House of Commons,
Ottawa.

Dear Mr. PICARD,

Re: bill 3, "An Act respecting the Construction, Operation and Maintenance of International River Improvements".

At the meetings of the Cabinet held on Wednesday of this week, I submitted to the consideration of my colleagues the bill in question, the correspondence exchanged to date on this subject, and the French translation of the statement made by the Honourable the Minister of Northern Affairs and National Resources concerning the amendments proposed by the federal government. I also acquainted my colleagues with the views of our legal advisers.

The government of the province of Quebec considers that the proposed federal legislation and the amendments in question are contrary to the rights and prerogatives of the province and that they constitute serious encroachments in the most important field of natural resources belonging to the province, particularly with reference to hydro-electric developments.

As far as the province of Quebec is concerned, it is our innermost wish to co-operate with the federal authorities in the best interest of national unity and of the country's prosperity, while respecting entirely the constitutional rights and prerogatives of the province and of the country.

We hope that the particular problem which the federal government has in mind may be settled amicably and in such a way as to safeguard all the rights and prerogatives of the province.

Thanking you again for having sent me the documents which you were kind enough to forward, believe me,

Yours faithfully,

M.-L. DUPLESSIS

Ottawa, le 25 mars 1955.

Honorable Maurice DUPLESSIS,
Premier Ministre de la Province de Québec,
Québec, P.Q.

Cher monsieur DUPLESSIS,

Votre dernière lettre concernant le Bill 3 m'a été remise mardi le 22 mars avant la séance de mon comité.

Comme les délibérations du Comité ont lieu en anglais et que je tenais à présenter un texte parfaitement traduit, j'ai donc envoyé la lettre aux traducteurs des lois et la version anglaise m'est parvenue trop tard pour en donner lecture au Comité, ce que je ferai à sa prochaine séance.

Le Comité a ajourné ses réunions au 27 avril à 3.30 heures p.m. pour entendre les représentations de la Colombie-Britannique.

Les provinces de Saskatchewan et du Nouveau-Brunswick se sont enquis des dates auxquelles nous pourrions les entendre et doivent nous aviser de leur décision définitive.

Vous avez dû recevoir cinq exemplaires des rapports de nos séances et les dernières vous parviendront bientôt.

Pour votre information, je vous envoie une copie du bill réimprimé, en anglais, avec les amendements par le gouvernement ainsi que le texte d'un nouvel amendement à l'article 7 révisé. Les explications du Ministre du Nord Canadien et des Ressources Naturelles à ce sujet sont contenues dans le rapport de la séance du 22 mars.

J'ai envoyé copie de votre lettre au Très Honorable Louis St-Laurent, au Très Honorable C. D. Howe et à l'Honorable Jean Lesage.

Si vous désirez que certains de vos ministres ou fonctionnaires fassent des représentations au Comité, une date pourra être fixée dans la semaine du 2 mai. Toute autre communication de la part de votre gouvernement sera soumise au Comité pour considération à la reprise de ses séances.

Veillez agréer, Monsieur le Premier Ministre, l'assurance de ma haute considération.

Bien sincèrement à vous,

L.-PHILIPPE PICARD.

CABINET DU PREMIER MINISTRE

Province de Québec

Québec, le 31 mars 1955

Monsieur L.-Philippe PICARD, C.R., M.P.,
Président Comité permanent des affaires extérieures,
Chambre des Communes,
Ottawa.

Cher monsieur le président,

Merci pour les renseignements que m'apporte votre lettre du 25 mars courant et pour les documents officiels qui l'accompagnent.

Veillez agréer, monsieur le président, mes sincères salutations.

M.-L. DUPLESSIS

(Translation)

Quebec, March 31, 1955.

Mr. L. Philippe PICARD, Q.C., M.P.,
Chairman,
Standing Committee on External Affairs,
House of Commons,
Ottawa.

My dear Mr. Chairman,

Thank you for the information contained in your letter of March 25 instant and for the accompanying official documents.

Please accept, Mr. Chairman, my sincere salutations.

M.-L. DUPLESSIS

Appendix 3

OTTAWA, March 25, 1955.

The Hon. Leslie M. Frost,
Premier of Ontario,
Toronto, Ont.

My dear Premier:

The Standing Committee on External Affairs has adjourned its meetings until April 27th at which time it will hear British Columbia's representations concerning Bill 3 an act respecting the Construction, Operation and Maintenance of International River Improvements.

Five copies of the reports of each meeting have been mailed to you and the last ones will be on their way shortly.

Should you want to make representations to the Committee, a date could be arranged in the first week of May for the Committee to consider them.

Yours very truly,

L. PHILIPPE PICARD.

Appendix 4

OTTAWA, March 25, 1955.

Honourable W. J. West,
Attorney General,
Province of New Brunswick,
Fredericton, N.B.

My dear Minister:

Further to our previous correspondence, I wish to inform you that the Standing Committee on External Affairs, has adjourned its meetings until April 27th, when it will hear the representations of a delegation from British Columbia. The Province of Saskatchewan, unless it changes its decision, would be heard on April 29th, or May 2nd.

I assume therefore that May 3rd or 4th, could be devoted to the representations from New Brunswick should you desire to be heard as intimated in your wire of March 8th.

Five copies of the reports of each meeting of the Committee have been forwarded to the Premier, and the last ones should be on their way shortly.

You will find enclosed, copy of a suggested amendment to the revised clause 7: the explanations given by the Minister of Northern Affairs and National Resources, are contained in the report of the meeting of March 22nd.

When you have reached a decision as to your intention to appear before the Committee, you could communicate with me in writing to Ottawa. Should you desire to have some of the previous witnesses recalled, you would oblige me by stating so, in order that we may ascertain their availability.

May I respectfully suggest that it would help our Committee, if your brief or any documents you may want us to consider, were supplied to us in fifty copies at the start of the meeting.

Yours very truly,

L. PHILIPPE PICARD.

Appendix 5

OTTAWA, March 25, 1955.

Hon. I. C. Nollet,
Minister of Agriculture,
Regina, Sask.

My dear Minister:

Further to your letter of March 14th I wish to inform you that the amendment contained therein was submitted to my Committee as you will see by the reports that were sent to the Premier. The Committee has now adjourned its meetings until April 27th when it will receive a delegation from British Columbia. Reports of our last meetings will be on their way shortly but in the meantime I thought I should send you copy of an amendment to the revised clause 7 and ask you to note the remarks of the Minister of Northern Affairs and National Resources as to the relation of this amendment to the one you had proposed, made at the meetings of March 22nd.

If after a study of this amendment and of the transcript of the evidence you should care to make representations to the Committee you could signify your intentions to me and the Committee would hear the representatives of Saskatchewan as soon as British Columbia is through with the presentation of their case.

Beginning Wednesday afternoon April 27th the Committee will hold two or three meetings a day except on Saturday and Sunday. We might therefore be able to receive you on April 29th or on May 2nd.

Your very truly,

L. PHILIPPE PICARD.

Appendix 6

MINISTER OF AGRICULTURE

REGINA, April 22, 1955.

Dear Mr. PICARD:

I have your letter of the 25th ultimo, together with a copy of a proposed amendment to the revised clause No. 7 of Bill No. 3.

Careful study has been given to this proposed amendment in relation to the one proposed in my letter of March 14th. However, we have withheld our comments pending receipt of the minutes of the meeting held on March 22nd, to which you referred us. The copy of these minutes has only just been received in this office.

The remarks of the Minister of Northern Affairs and National Resources at that meeting have been read with interest. We note that he discussed the proposed amendment with several government offices and its experts and presumably they approved same. It is also noted that the Minister believes that the works we desire excluded are already provided for in Clause 2 of the Bill. We are not sure that they are, and apparently some members of your committee think likewise.

Consequently, in order to remove any doubt on this point, we asked that the projects we wish excluded from the Act be specifically referred to. This has now been done, under the proposed additional section (c) to be added to clause 7 of the Bill, which now reads as follows:

"7" This Act does not apply in respect of an international river improvement,

(c) constructed, operated, or maintained solely for domestic, sanitary or irrigation purposes or for other similar consumptive uses."

If the Committee will approve this amendment then our objections to the Act will be removed and personal representation to present our case to your committee will be unnecessary.

We greatly appreciate the consideration the committee has given to our suggestion.

Yours sincerely,

I. C. NOLLET.

Appendix 7

OTTAWA, March 25, 1955.

The Hon. ERNEST C. MANNING,
Premier of Alberta,
Edmonton, Alberta.

My dear Premier:

The Standing Committee on External Affairs has adjourned its meetings until April 27th at which time it will hear British Columbia's representations concerning Bill 3 an act respecting the Construction, Operation and maintenance of International River Improvements.

Five copies of the reports of each meeting have been mailed to you and the last ones will be on their way shortly.

Should you want to make representations to the Committee, a date could be arranged in the first week of May for the Committee to consider them.

Yours very truly,

L.-PHILIPPE PICARD.

Appendix 8

OTTAWA, March 25, 1955.

The Hon. D. L. Campbell,
Premier of Manitoba,
Winnipeg, Man.

My dear Premier:

The standing Committee on External Affairs has adjourned its meetings until April 27th at which time it will hear British Columbia's representations concerning Bill 3 an act respecting the Construction, Operation and Maintenance of International River Improvements.

Five copies of the reports of each meeting have been mailed to you and the last ones will be on their way shortly.

Should you want to make representations to the Committee, a date could be arranged in the first week of May for the Committee to consider them.

Yours very truly,

L. PHILIPPE PICARD.

PROVINCE OF MANITOBA
OFFICE OF THE PREMIER
WINNIPEG

April 4, 1955.

Mr. L. Philippe Picard, Q.C., M.P.,
Chairman,
Standing Committee on External Affairs,
House of Commons,
Ottawa, Canada.

Dear Mr. Picard:

Thank you for informing me in your letter of March 25th that the Standing Committee on External Affairs will hear representations with respect to Bill No. 3 commencing April 27th.

As indicated in my letter of March 11th we do not contemplate making representations in connection with this Bill. I appreciate your action in sending me the reports of each meeting of your Committee.

Yours very truly,

DOUGLAS CAMPBELL.

Appendix 9

THE PREMIER
FREDERICTON

March 28th, 1955.

Mr. L. Philippe Picard, M.P.,
Chairman,
External Affairs Committee,
House of Commons,
Ottawa, Canada.

Dear Mr. Picard:

I acknowledge your letter of March 10th, in regard to the hearings on Bill No. 3 before the Committee on External Affairs, which in the meantime has been taken up with the Hon. W. J. West, Attorney General of New Brunswick.

It has not been found possible for this Province to have representatives attend any of the Committee Hearings during March, however, the province is giving consideration to the possibility of having representations at the meeting of April 28th mentioned in your letter.

No doubt the Attorney General or I will be in touch with you again before that date.

Yours sincerely,

HUGH JOHN FLEMMING.

EVIDENCE

WEDNESDAY, April 27, 1955.

The CHAIRMAN: Gentlemen, before I call the order of business for the day the Minister of Northern Affairs and National Resources will have a few words to say.

Hon. JEAN LESAGE (*Minister of Northern Affairs and National Resources*): Thank you, Mr. Chairman. During the course of the previous discussion the honourable member for Vancouver Quadra, Mr. Green, suggested a further possible amendment. That has been considered and I am now ready to say than on behalf of the government I will accept an amendment in the following terms: "As soon as practicable after the 31st day of December each year the Minister of Northern Affairs and National Resources shall prepare and lay before parliament a report of the operations under this Act for that year."

This is the usual section in our legislation providing for the tabling of documents relating to the operation of an Act.

Now, during the recess, in order to facilitate the work in the department on that bill, I had printed a consolidation of the bill as it was originally distributed together with all the amendments which I have declared the government would be ready to accept. I have a number of copies of this table which is entitled "Departmental Working Paper", and if the members of the committee think it might be useful I would be delighted to have it distributed.

Agreed.

The CHAIRMAN: Now, gentlemen since we last met the House has further referred other matters to us. On April 21, the House ordered that items numbered 92 to 111 inclusive of the main estimates for 1955-56 be withdrawn from the committee of supply and referred to the said committee, that is, the committee for External Affairs, saving always the power of the committee of supply in relation to the voting of public moneys. Of course, this shall not interrupt the course of our business which we had agreed on before and will come at a later date when we shall not be dealing with the present bill.

Since we last met, on March 22, I sent to all the provincial premiers copies of the evidence of the committee together with other documents. In order to shorten our proceedings I will ask that these letters be printed, as appendices to today's minutes. There is one however about which I want to say a word because it has an effect on the appearance or otherwise before the committee of one provincial delegation. The province of Saskatchewan stated in a letter that if the committee agreed to the amendment proposed by the Minister of Northern Affairs and National Resources, subsection (c) of clause 7 which reads,

Improvements, constructed, operated or maintained solely for domestic, sanitary or irrigation purposes or for other similar consumptive uses.

the objections to the Act from Saskatchewan will be removed and personal representation before the committee will be unnecessary. A copy of this letter will also be appended to today's proceedings.

Gentlemen, we have today, as agreed at previous meetings, as our guests the representatives of the government of British Columbia headed by the Honourable R. W. Bonner, the Attorney-General, who will address the committee and present a brief. I think I will leave it to Mr. Bonner to introduce his delegation. I will ask the members of the committee when he starts reading the brief to apply the usual rules of having no interruptions of any kind during the reading of the brief. After the brief has been read if some members feel they need some clarification, provided we respect the rights of the representatives of the province to decide whether they do or do not wish to answer, we will give again the floor to Mr. Bonner and he may prefer to answer himself or have somebody else answer, or he may prefer to leave the answer until another meeting of the committee; it will be up to him to decide.

I will call on the Hon. Mr. Bonner.

Mr. PEARKES: Are there copies of the brief?

The CHAIRMAN: They will be distributed at the moment Mr. Bonner starts reading his brief, but first of all I thought we should give him an opportunity to make a few introductory remarks.

Hon. R. W. BONNER (*Attorney General of British Columbia*): Thank you, Mr. Chairman.

Perhaps I should divide my introductory remarks and first of all introduce those who are accompanying me on this occasion. They are: The Hon. R. E. Sommers, Minister of Lands and Forests and Minister of Mines, Mr. H. Alan Maclean, Q.C., Deputy Attorney-General, the Deputy Minister of Lands Mr. E. W. Bassett, the Comptroller of Water Rights Mr. A. F. Paget, and our project engineer, Mr. G. J. A. Kidd. Now, I am also advised that because of the great interest which this bill is provoking in the province of British Columbia there are also in attendance Mr. T. H. Crosby, who is Chairman of the British Columbia Power Commission, and Mr. H. L. Briggs, the General Manager of the British Columbia Power Commission.

I suppose at this time it would be appropriate to have the brief itself distributed.

Mr. CROLL: Before you start Mr. Chairman, when you introduced the delegation and perhaps I did not hear you correctly, I thought that you said that the witness would not be compelled to answer questions.

The CHAIRMAN: First of all, if I may say so, the gentleman is not a witness. The gentleman is a representative from the government of a province and I do not think we wish to regard him as a witness but rather as a guest appearing before the committee. We have, on a proposal of Mr. Green, amended at your suggestion, agreed to notify the different provinces that we are dealing with this bill. Perhaps it is authority which I should not assume, but I thought representatives of a province appearing before us would be treated as guests before the committee and that the minister here would read the brief and then would be absolutely free as to whether he wishes to answer questions or not.

Mr. CROLL: I gather then that the suggestion came from you rather than from the witness.

The CHAIRMAN: The suggestion came from me.

Mr. CROLL: Mr. Bonner did not suggest that?

The CHAIRMAN: Nobody suggested anything. I was just making the suggestion as a courtesy to a provincial minister.

Mr. DECORE: Did Mr. Bonner indicate that he might be prepared to answer questions?

The CHAIRMAN: The minister told me he would answer questions, but I think it is a courteous gesture that we should give him the privilege if he should not wish to answer. You cannot force an answer.

Hon. Mr. BONNER: Mr. Chairman, perhaps I could say a word on the point which has been raised by the two gentlemen who have spoken. I appreciate the suggestion which has been made by the chair that the brief be presented substantially without interruption. I would not want anyone to gather from that suggestion that we were not here to assist this committee to the fullest possible extent. I think it will appear from the brief that many questions may be raised collaterally and answered more properly at the conclusion rather than to interrupt the train of thought which is contained in the brief by going off on a digression as the brief is presented.

The CHAIRMAN: It is fair to say that the committee has extended this privilege to others who have appeared before this committee.

Mr. STICK: There is no dispute over this.

The CHAIRMAN: There seems to be . . . Mr. Bonner.

Hon. Mr. BONNER: Before turning to the contents of the brief proper I would like to express, on behalf of the government of the province of British Columbia, our appreciation of the courtesy of this committee, and you sir, in extending to our government as you have done to other governments an invitation to appear here and assist in this committee's study of this Bill No. 3.

I want to say also that we have appreciated the consideration which has been extended by the executive in sending material to us promptly as it has been published and that this has materially assisted the preparation of the brief which we have for presentation here today. I gather that representations to a committee of the House by provincial governments do not occur so often as to make them usual. And I must say that we are most happy to participate in your deliberations here in the way in which you have invited us to do so. I would venture the further hope, however, that our views which we give to the committee will not be considered in substitution for views which might be properly sought from my government by the government of Canada.

I would like now to turn to the brief itself. For the convenience of our discussions the brief is divided into 7 parts the first of which is entitled "Historic and Legal Background".

Mr. CHAIRMAN: I must state at the outset, in respect of the valuable natural resource—water—no province in Canada would be so seriously affected by the passage of Bill No. 3 as would the Province of British Columbia.

Members of this Committee will know that people from British Columbia are quick to point out that this Province has features which make it somewhat different from most of the Provinces of Canada.

Particularly is this true in relation to Bill No. 3 and the matter of water resources.

The growth and economic development of British Columbia, from the most simple of agricultural endeavours to the most complex of industrial developments, depend primarily upon water resources.

In British Columbia, arable and agricultural land is limited. Less than per cent of the total area of British Columbia is considered to be arable.

Moreover, this arable land is not ordinarily to be found in conjunction with an abundance of rainfall.

For the most part the agricultural areas of British Columbia are characterized by uniformly dry summer seasons which require that supplemental irrigation be at hand for optimum production.

While this requirement is less apparent in the coastal valleys, it is extremely acute in the valleys and plateaux of the interior, where most of the drainage of the Province is by nature southerly.

In the interior of British Columbia, the extent of present and potential agriculture can be determined by the exact amount of water that is economically available.

The agriculture of the Province is limited, too, because of the extremely mountainous nature of the terrain.

More than two-thirds of British Columbia is regarded as being alpine or barren land.

An appreciation of this fact will be readily gained by examining the map annexed to this brief and marked Appendix A.

Perhaps I might suggest by way of interjection that the map Appendix A be turned out. Perhaps I could assist the appreciation of the committee's viewing of that map by stating that it is published in conjunction with a natural resources conference held in our province. The one this year produced this excellent map which is, I think, the second or third of a series of this sort.

When I say that less than 3 per cent of our province is arable, that conclusion will be immediately appreciated by examining the mountainous terrain of our province as indicated in this map.

British Columbia is the third largest province in Canada; and to state its position territorially in relation to the west coast states of the United States, we have within our borders an area which is equal to Washington, Oregon, California, and the state of New York thrown in for good measure.

That is what we are talking about when we look at that map.

However, our mountainous terrain, characterized by high elevation, is productive of a resource most valuable to the economy of British Columbia.

Our mountain streams and the rivers which come from them are steeply graded and the accumulated snows of winter become rapidly discharged and wasted in the early summer without accomplishing beneficial purposes unless they are stored and re-regulated by the hand of man.

Many of our rivers, which are at full spate in the month of June, without regulation would become mere trickles by the late summer.

The high, rocky terrain of our topography with only the narrow valleys containing unconsolidated material does not make for important ground-water sources, so that much reliance must be placed upon the surface flows, or rivers, which have been in many areas, and promise to be in the future, vital to the general economy of the province.

The importance of rivers in Canada, in historic times and today, has been universally recognized.

Indeed, the early investigations and development of our province depended for their success upon the discovery of certain river passages.

Our rivers were at once our highways and the avenues of our early commerce in fish and furs, while today's widespread mining activity in British Columbia was in early times based upon the placer activity in our rivers.

Indeed, our rivers helped to shape Canada, for the discovery of the Fraser and the failure to follow the Columbia to its mouth at Astoria contributed to the creation of the Pacific north-west states and the fixing of the boundary which presently divides the United States in the west from the Province of British Columbia.

The rights and interests of the area, to be known as British Columbia, in the Columbia River were established before either the creation of the Crown Colony of British Columbia or, indeed, the creation of Canada as a nation in Confederation.

This interest was recognized in Article 2 of the Oregon Treaty of 1846, which secured to British subjects certain right of navigation to the mouth of the Columbia through American territory in perpetuity.

It is no doubt a matter of regret to the National Government that this right was not taken into account at an earlier date when the United States made impossible the navigation of the Columbia by the erection of numerous hydro-electric establishments on that river.

In any event, it may be taken as established that from the earliest date the interest of the Province of British Columbia in its waters, whether they be Provincial or international, as defined by Bill No. 3, in their aspect, has been most resolutely established by custom and usage and, as well, by legislation which has been on our statute books for many years.

As a matter of specific information for the Committee, I quote excerpts from a paper entitled "Water Rights in British Columbia," delivered by Mr. R. C. Farrow, late Comptroller of Water Rights, of the Department of Lands and Forests.

This paper was delivered on February 17, 1949, to the Second Natural Resources Conference held under the authority of the then Minister of Lands and Forests in Victoria, B.C.

EARLY LEGISLATION

The first recorded use of water in British Columbia was in 1848, when the Hudson's Bay Company built a small sawmill driven by an overshot water-wheel which developed about 5 horse-power.

The importance of controlling the use of water was realized even in early colonial days, and the first water right on record was for agricultural purposes on Nohomeen Creek near Lytton, granted on October 30, 1858. The first legislation governing the use of water was contained in the "Goldfields Act" which was proclaimed by Governor Douglas in 1859, and provided for water rights for mining purposes. This Act is important in that it first enunciated the principle of beneficial use, which has remained as part of the fundamental doctrine of our water legislation. Between 1860 and 1864, a number of records were made for agricultural purposes, and one granted on August 1st, 1861, is the oldest water right in the Province still in existence. In 1865 the "Land Ordinance" was enacted and made the first specific provision for the diversion and use of water for agricultural purposes. It also provided for the right of entry on and through the land of others on payment of compensation.

Up to this time the laws only dealt with the use of water for mining and agriculture. For such purposes as waterworks, special legislation was resorted to, and in 1873 the City of Victoria, then some six years old as an incorporated city, was given authority by the Legislature to construct waterworks, and could expropriate water in any stream within a radius of 20 miles from the city. This special Act is the only one of many still in existence; all others have been surrendered and replaced with ordinary water licences.

The Water Privileges Act of 1892 was important as it set up for the first time the definite declaration that the right to the use of all water, not already recorded or appropriated, and except that under jurisdiction of the Dominion, was vested in the Crown in the right of the Province, thus denying riparian rights to the use of water. These principles, like that of beneficial use, have remained as fundamental doctrine of all our Water Acts.

In 1897 the various water clauses in different Acts were combined in the "Water Clauses Consolidation Act," and specific provision was made for power and waterworks licences; the Act at that time comprised 154 sections.

WATER ACT, 1909

Owing to elements of weakness in existing legislation, and the vagueness of many records in the books of various officials scattered over the Province, the Legislature in 1909 passed the first so-called "Water Act" of 333 sections, which dealt with the granting and control of water rights in very great detail. It created a Board of Investigation, a semi-judicial body charged with reviewing all existing rights and ordering the issue of licences in respect of them.

The Board was composed of a Chief Water Commissioner and two or more persons appointed by the Lieutenant-Governor in Council. The first Board were political appointees and accomplished little. They were replaced by the former Gold Commissioner and an engineer and a lawyer, and the Board then really began to function. In 1913 the Water Commissioner's title was changed to Comptroller of Water Rights.

I shall not read the section entitled "Water Act, 1914," but I suggest that it be included in the record.

WATER ACT, 1914

This superseded the Act of 1909. It broadened the scope of our water legislation besides making administrative changes; the Board of Investigation was retained and continued its original functions. It contained two important provisions: fourteen purposes were set out for which licences could be issued, and it established a definite order of precedence as between licences of equal seniority. A second provision required that anyone claiming the right to divert water by virtue of riparian ownership should file a claim prior to June, 1916, and the Board was given authority to determine its value and issue a licence in its place; after that date no further such claims would be considered. These claims to riparian rights, of course, dated back to the period prior to the enactment of the Water Privileges Act of 1892.

The Board of Investigation was renamed the Water Board in 1929 and did not complete its labours until 1939. During its existence it had issued 8,000 orders in the course of putting all water records on a uniform licence basis.

This Act, which contained 302 sections, proved to be too inflexible and involved, and set out all details so precisely that administration was seriously hampered, to the inconvenience of both the public and the Branch. Many lawyers found the Act so involved that they preferred to accept the interpretations and rulings of officials rather than risk an opinion.

In 1920 an amendment to the Act added an important section, providing for the organization of improvement districts. These are, in effect, municipalities with powers limited to the objects for which they are formed, i.e., irrigation, waterworks, or etc. Their formation and administration involve a great deal of detailed work for our officials, since the Branch bears a similar relationship to them that the Department of Municipalities does to the municipalities. We now have 111 improvement districts in the Province, a greater number than there are municipalities.

I turn now to "Water Act, 1939," which is of greater moment.

WATER ACT, 1939

Until 1939 the Board and Comptroller exercised jurisdiction over public utilities, but on account of the constant widening of the field, this function was turned over to a Public Utilities Commission.

To eliminate administrative difficulties of the 1914 Act, which was now further complicated by many amendments, a new Act was drawn up con-

taining only 80 sections. It is clearer, more flexible, and more concise than its predecessors, and many administrative details, as well as schedules of fees and rentals, are covered in regulations under the Act.

The Province may well be proud of the history of its water legislation and administration. It has on the whole been good, as evidenced by the very few serious disputes over water matters as compared with the large amount of litigation in other countries. This freedom from litigation and smoothness of administration of water matters has been favourably commented on by authorities from other parts of Canada, and is the envy of our American friends. As an illustration, out of 8,000 orders of the Board, only six appeals were made to the Courts, and in three of these the Board was sustained. All of which reflects the consistent vigilance which has been exercised in bringing down our water legislation, and painstaking work on the part of Branch officials in previous years.

G. S. Kinney, who published a comprehensive work in 1912 on water rights in most parts of the world, commented as follows on the British Columbia Act (1):—

"The water law is drastic and covers the subject of the title to and use of waters in its most minute details. In fact we consider it one of the most effective statutory laws upon the subject in existence, and undoubtedly it will stand the test of both time and all litigation, under the Canadian form of government, that may be brought against it."

Also, at the World Power Conference in 1936, in a paper on water laws the Dominion Water and Power Bureau stated (2):—

"This system, both in its legislative foundation and its administrative procedure, has reached a high degree of perfection in British Columbia. It enables the water in any stream or district to be apportioned among different users for various purposes in the most economical and effective manner."

PRESENT SCOPE, STATUS, AND APPLICATION

Under the present Act a water licence may be granted for a number of purposes which, when liberally interpreted, cover almost any conceivable use. They are as follows: Domestic; waterworks; mineral trading (bottling and distributing natural mineral waters); irrigation, mining, industrial; power; hydraulicking (use of water under pressure for moving earth, other than mining); storage, fluming (for conveying timber); conveying (carrying water from one place to another in some form of conduit); land improvement (diverting or storing water to drain or reclaim land).

The Water Rights Branch now has some 11,000 licences on its registers,—that is a figure which was true in 1949; it has to be upgraded for today,—and they are presently increasing at the rate of about 350 a year.

For administrative purposes the Province is divided into thirty-two water districts, the boundaries of which follow the watersheds so far as possible. Local administration is decentralized to four district offices, each under a District Engineer who is assisted by one or more assistant engineers, and each is responsible for a group of water districts. The four district offices are located at Victoria, Kelowna, Nelson, and Kamloops, with a sub-office at Quesnel, which is administered from the Kamloops office.

The revenue of the Branch is derived from fees and rentals, which are now about four times the cost of administration, and technical services such as water

resources surveys. The latter are designed to obtain an inventory of our water resources, and how and to what extent they can be most beneficially used for irrigation, for developing power, or for supplying communities.

Since 1912 some 183 power-sites have been investigated and reported on by engineers of the Branch; projects varying in size from a few thousand to over a million horse-power, and totalling in the aggregate over 4,000,000 horse-power. Of the sites reported on, an aggregate of 770,000 horse-power is now under licence, some partly developed, others in course of development, while a further 2,500,000 horse-power are attracting the interest of large metallurgical industries. Numerous irrigation and storage projects have also been surveyed and reported on, as well as surveys for village waterworks and for flood-control.

I draw to the attention of the committee, without reading them the detail, the statistics which conclude the excerpts which I have quoted.

These statistics are substantially true in so far as they relate to the proportions of revenue up to the present time.

Naturally, some of the references in this excerpt are below the current figures which could be related if they are particularly required.

Mr. FULTON: I move that the balance be incorporated in the record.

Hon. Mr. BONNER:

Revenue is derived from the different uses in the following proportions:—

	Per Cent
Power	90
Irrigation	3
Industrial	2
Mining	1
Miscellaneous including domestic	4

The bulk of our revenue comes from power rentals because power installations are the heaviest water-users, and the installed capacity of water power in the Province has now passed the million horse-power mark. Its distribution by principle uses is tabulated below:—

Installed Capacity in Horse-power

Central electric stations	538,817
Mineral and metallurgical industries	330,329
Pulp and paper	132,280
Miscellaneous industries	3,956
Total	1,005,382

Further installations to the total of 312,750 horse-power are now under construction.

The bulk of the Central Station supply is on the Lower Mainland and Vancouver Island; the Mining and Metallurgical use is nearly all in the Kootenays to supply the Trail smelter and Sullivan mine; while pulp and paper installations are all on the coast. Industry uses the major portion of our power output; the Central Station supply listed above includes all the industry supplied in the Vancouver, Victoria, and New Westminster areas. The bulk of our industrial plants operate on electricity derived from water power, and the importance of this power to our industrial development is indicated by the following statistics as given by the B.C. Department of Trade and Industry for 1946:—

Value of manufactured products	\$645,000,000
Capital invested	\$500,000,000
Persons employed	75,500

By far the greatest number of licences issued are for irrigation purposes, although the revenue derived is relatively small, because although the larger cattle-ranchers and the irrigation districts use sizeable volumes of water, there are also thousands of licences for very small quantities.

The areas of irrigated and irrigable lands are only known approximately, but the best estimate of irrigated lands in the Province is 150,000 acres, of which some 35,000 acres are inadequately irrigated. Slightly more than 50,000 acres are under the control of public and private organizations, as shown in the following tabulation:—

	Total Area Irrigated in Acres
One Provincial system (Southern Okanagan Lands Project)	4,300
Two municipalities (Penticton and Summerland)	5,690
Thirty-seven improvement districts	34,910
Twenty water-users' communities	6,640
Three water companies	1,700
Total	53,240

The remaining 100,000-odd acres are irrigated by individual effort, most of it being hay and grain land for stock-ranches, and for field crops.

In addition, there are some 500,000 acres which could be brought under irrigation but at a greater cost than that presently irrigated.

In the matter of water for domestic purposes and stock-watering, there is a fundamental common right without licence to the use of water to which there is public access. But as most persons wish to obtain the right to use some definite amount of water and to construct works, hundreds of licences for domestic purposes have been issued, particularly in the dry belt, where water is particularly valuable by virtue of its relative scarcity.

The majority of waterworks licences are held by municipalities, and improvement districts organized for the purpose, though there are still a few water companies in operation.

REFERENCES

- (1) Kinney, C. S: "Kinney on Irrigation and Water Rights," Bender-Moss, San Francisco (1912).
- (2) Planned Utilization of Water Resources of Canada. Paper No. 13, Sec. V, Third World Power Conference. Water Power Bureau of Canada (1936).

I turn now to Part II of the brief, which is entitled "Geographical Impact of the Bill."

From the previous section of this brief it will be seen that in British Columbia water rights are secured by Provincial licence.

Statutory regulation of these rights began in 1859 by Proclamation of Governor Douglas under the "Goldfields Act" and has been maintained over the years so successfully that rarely is there litigation concerning water licences in the Province, and our system has been regarded by many jurisdictions as a model of good administrative regulation.

The basic position of water rights in British Columbia will be seen by examining section 3 of the "Water Act" of British Columbia, which reads as follows:—

The property in and the right to the use and flow of all the water at any time in any stream in the Province are for all purposes vested in the Crown in the right of the Province, except only in so far as private rights therein have been established under special Acts or under licences issued under this or some former Act. No right to divert or use water may be acquired by prescription.

It will be of interest to the Committee to see the extent to which important rights acquired under the "Water Act" of our Province are jeopardized by Bill No. 3.

For example, within the Similkameen, Okanagan, Kettle, Columbia, and Kootenay River basins live about 170,000 people who, excepting only the Trail area, are almost wholly dependent upon logging and agriculture for their livelihood.

There are in these areas presently in good standing 6,483 water licences, representing almost 40 per cent of all such licences issued in the Province.

I suggest that the tabulation should form part of the record. I shall not read it on that account; but I would draw the attention of the committee to the headings in that tabulation which are "Irrigation; Domestic; Waterworks; Storage; Power; a miscellaneous group entitled 'Others', and Total of 6,483 in those four drainage basins.

These are summarized in the following tabulation:—

Drainage	Number of Water licences						
	Irriga- tion	Domes- tic	Water- works	Storage	Power	Others	Total
Similkameen.....	201	60	1	22	6	15	305
Okanagan.....	1,409	520	47	134	17	36	2,163
Kettle River.....	186	77	8	8	.....	17	296
Columbia and Kootenay.....	2,054	1,288	91	29	101	156	3,719
Totals.....	3,850	1,945	147	193	124	224	6,483

I must observe, in support of the proposed amendment to be known as section 7, subsection (c) of the draft Bill, that without such amendment over one-half of the irrigated area of the Province, presently regulated by existing Provincial water licences, would apparently become subject to the provisions of the draft Bill.

Almost the whole of the fruit area, with an annual crop value of about 25 million dollars, is in this area, and a very complex association of water and land has developed wherein a large part of the water resource that is economical at this time has been licensed for beneficial use.

Disturbing these licences now or at any time in the future or restraining future licensing could cause great hardship and endanger a very important part of the Provincial and national economy.

It must be agreed that the Provincial administration of its water assets in relation to the existing agricultural economy has been wise and provident over many years, and it is challenged that any improvement could be effected through Federal control.

I think it nothing short of reckless that a Minister of the Government of Canada should have introduced a Bill that did not take into consideration the established rights of so many people in my Province.

I am not surprised, therefore, that the proposed amendment has been so readily accepted by the responsible Minister.

The second area directly affected by the Bill is the north-westerly area of the Province, comprising the drainage of the Alsek, the Yukon, the Taku, Whiting, and Stikine Rivers, all of which find outlet to the Pacific Ocean through Alaska.

In this region the following Provincial water licences are presently in effect:—

Drainage	Number of Water Licences						
	Irriga- tion	Domes- tic	Water- works	Storage	Power	Others	Total
North-west area.....	7	60	4	18	30	67	186

Moreover, in respect of this area, important negotiations are current between the Province of British Columbia and North West Powers Industries Limited (a subsidiary of Frobisher interests).

It is well known that the company has deposited with the Province of British Columbia 2½ million dollars in cash as evidence of their intention to proceed with certain developments.

I think it entirely likely, should this Bill pass, that these negotiations would be prejudiced until the legal position of the Province of British Columbia as altered by this Bill could be clarified.

The situation and extent of these two large drainage areas, which I have been discussing, may be more readily appreciated by examining the map annexed to this brief as Appendix B.

This is a smaller map which I suggest the committee might profitably turn to at this point. You will see upon examination of this map that certain drainage areas have been outlined in respect of the general geography of the province.

You will note that the first group of drainage areas mentioned, located in the south-eastern section of the Province, covers over 40,000 square miles, or about 11 per cent of the total area of the Province.

The significance of this area is not to be learned from the extent of the area alone, but more properly is to be appreciated from the fact that it contains the most productive agricultural lands of the Province, valuable forest and mineral wealth, important industrial areas in being and contemplated, and is as well a tourist and vacation land second to no other area of the Province.

The power potential of this area, including that of the Columbia River, is at present calculated to be about 4,000,000 horse-power, of which perhaps 700,000 horse-power is presently produced by installed plant.

The second area—that in the north-west corner of British Columbia—is likewise over 40,000 square miles in area, or again about 11 per cent of the Province.

This area, however, is comparatively empty of population and industry, but is regarded as being extraordinarily wealthy in terms of mineral and forest resources.

Climate suggests that there is limited agricultural potential in this area.

Widespread settlement of the region is not immediately probable.

On that account there are limited conflicting consumptive uses for water and power developed in that region—a most attractive consideration for major industry requiring cheap electricity at tide-water.

Therefore, our present opinion is that the water resources of this area can best be used for the generation of power only.

While investigation of the power production of this area is but in the preliminary stage, moderate estimates to date suggest that over 7½ million horse-power could be ultimately realized in this region, made up as follows:—

- (a) About 4,900,000 horse-power from the Yukon-Taku River diversion now under study by the North West Power Industries Limited.

- (b) About 2,000,000 horse-power from the Stikine River, with a diversion from the Dease River, a tributary of the Liard, and the balance composed of power derived from the Alsek, Whiting, and tributary streams to the Taku and Stikine Rivers.

Two other areas of the Province, happily not affected by Bill No. 3, complete the power picture of British Columbia.

In the central and south-westerly part of the Province, largely drained by the Fraser River and its tributaries, there is now estimated to be a potential of 8,700,000 horse-power, the sites generally fully explored, of which 1,670,000 horse-power are presently developed.

In the north central and north-east corner of the Province, affecting the Skeena, the Peace, and the Liard Rivers, our appraisals are less than complete, but estimates suggest the possibility of development to the extent of not less than 2,000,000 horse-power in the three rivers just mentioned.

The total significance of the water resources of this Province in terms of hydro-electric development can be said in part to be subject to estimation, but it does appear that the aggregate for the Province will be in the order of 20 to 25 million horse-power, developed on rivers which are purely Provincial and on rivers which are by the terms of Bill No. 3 deemed to be international rivers.

Of this estimated total, less than 10 per cent is presently developed.

However, present developments of hydro-electric energy in the Province should not be regarded as being modest when it is to be noted that there is now over $1\frac{1}{2}$ horse-power of hydro-electric power working for the benefit of each individual resident of the Province of British Columbia.

I note from an examination of *Hansard* and of the proceedings before this Committee that consideration of the advisability or otherwise of Bill No. 3 has tended to be obscured by remarks as to the merits of a possible arrangement involving water storage on Lower Arrow Lake.

It is not my intention in appearing before you today to discuss the merits of the Kaiser Dam proposal.

Should anyone be interested in the interim agreement which has been entered into by the Province of British Columbia and the corporation, a copy could be made available.

However, I urge that the Committee not cloud its thinking on Bill No. 3 with anything which has been said about the Arrow Lakes storage.

Many things stand between the proposal and the possibility of Arrow Lakes storage.

Since the agreement was entered into on the 17th of September last, the Kaiser Corporation has found it necessary to have extended certain of the dates involved in the interim agreement for the purpose of completing field engineering, test borings, and geological surveys required to establish the feasibility of the project.

Next, it must be remembered that the interim agreement has conferred no water rights upon the American corporation or anyone else.

Water rights in British Columbia depend upon the issuance of a conditional water licence.

When such engineering as the American company has agreed to undertake has been completed, it will then be necessary for the American company first to form a Canadian corporation and, secondly, for the Canadian corporation to make application for a conditional water licence in the Province.

Neither of these events has, as yet, occurred.

It has been the stated intention of the Minister of Lands and Forests that in connection with such application it would be necessary that public hearings

under the Provincial "Water Act" be held so that all possible objections, including possibly those of the National Government, might be heard and considered by the Comptroller of Water Rights of our Province before deciding whether or not to issue a conditional water licence.

Such a decision is by Statute the decision of the Water Comptroller.

On reading the official report of the debate which took place in the House of Commons on the second reading of Bill No. 3, it appears not to have been understood by many taking part in that debate.

Mr. CROLL: Hear, hear.

Hon. Mr. BONNER: —that the real contract between the corporating constructing the dam and the Province of British Columbia, if this matter progresses, is not to be found in the provisions of the interim agreement signed on the 17th of September, 1954, but will be found and is yet to be established in the terms and conditions of the conditional water licence itself.

It is regrettable that the Rt. Hon. C. D. Howe did not appreciate that fact when he spoke on February 11th last.

To illustrate my point, I draw your attention to Appendix C of this brief, in which is set forth a conditional water licence issued in connection with the John Hart Hydro-electric Development on Vancouver Island. Notwithstanding the fact that this development was one under the control of the British Columbia Power Commission, you will be impressed by the detail covered by this licence, which is typical of those issued by the Lands Department.

Another example of this sort would be the agreement between the Government of the Province of British Columbia and the Aluminum Company of Canada Limited, which is included in the forementioned appendix.

Moreover, since the interim agreement with the Kaiser Corporation contemplates the importing of power by the Province of British Columbia from the Bonneville Power Administration, and since the export of power from the United States is subject to the control of the Federal Power Commission of that country, it would naturally be a condition precedent to any firm arrangement with the Canadian Kaiser Corporation so far as the storage of water is concerned that the Bonneville Power Administration and the Province of British Columbia enter into firm arrangements whereby the Province will import, free of cost, not less than 20 per cent of all the power generated on the Columbia below the Canadian border as a result of the storage created upon the Arrow Lakes.

Such a condition would, of course, be included in any conditional water licence issued by the Provincial Government.

The likelihood that the Bonneville Administration shall receive permission to export power from the United States of America to British Columbia depends, in part, upon the recommendations of a United States federally created committee known, I believe, as the Field-level Inter-agency Committee, comprising representation from the United States Corps of Engineers, the United States Federal Power Commission, and the United States Department of the Interior, and which Committee is charged with carrying out studies to appraise, determine benefits and costs of potential hydro-storage in Canada, including the proposed Arrow Lakes storage project.

My own opinion is that this Committee will recommend against the exporting of power to British Columbia in the manner contemplated by the interim agreement of September 17th last.

If such a recommendation is or has been made, I venture to suggest that, in part, it is based upon the belief that British Columbia has placed too high a price upon the benefits conferred by Arrow Lakes storage.

Needless to say, in negotiations affecting water storage or power development and the United States, the Government of British Columbia is not

seeking money in lieu of power, nor does the Government condone exporting power from the Province except in unusual and temporary circumstances not permanently affecting the National interest or the economy of the Province.

In current negotiations with the Kaiser Corporation, the objective is and has been to see delivered free to some point on the Canadian border, to be designated by the Provincial Government, a substantial block of power that may be immediately taken into use for the benefit of the people of British Columbia.

Thus it will be seen that the interim agreement of September 17th is far from being the "childish" document or the "fire sale" which the Honourable Mr. Lesage deemed it to be.

Hon. Mr. LESAGE: It is worse. After your explanation, it is not worth anything.

Hon. Mr. BONNER: Time will tell!

As I have said, I am here to discuss with the Committee of External Affairs the very serious impact of Bill No. 3 on actual and potential development of the Province of British Columbia.

I have drawn the Committee's attention, by reference to maps, to the drainage areas affected by the scope of this Bill.

I wish to redirect the Committee's attention to these drainage areas by reference to a schedule showing the drainage areas involved in square miles and the hydro power contained in each, both in respect of developed and undeveloped aspects of that power.

Perhaps with the consent of the committee I might have it taken as read, and that this schedule will appear in the record.

	Drainage Area	Hydro Power	
		Developed	Undeveloped
<i>South-eastern British Columbia</i>	Sq. Mi.	H.P.	H.P.
Columbia-Kootenay	31,000	702,950	3,291,400
Okanagan	3,190		2,100
Similkameen	2,900		28,400
Kettle	3,175		3,560
Skagit	430		
Totals	40,695	702,950	3,325,460
<i>North-west British Columbia</i>			
Alsek River	350		(1)
Yukon-Taku project	21,000		4,900,000
Stikine-Iskut	19,750		2,000,000
Unuk	97		(1)
Totals	41,197		7,500,000 ²

¹ Not known.

² Probably over 7,500,000 hores-power.

Perhaps I could emphasize the seriousness of this question when I point out to the Committee that the Similkameen River drainage area alone is 40 per cent greater than the whole of Prince Edward Island, and that the entire extent of the combined areas affected exceeds by 1½ times the areas of Prince Edward Island, Nova Scotia, and New Brunswick combined.

I shall now turn to Part III, which is entitled "Constitutional Impact of the Bill."

Having defined the geographical portions of the Province which may be affected by this Bill, it then becomes necessary to determine what the Bill actually does.

In this connection I must observe that it will be difficult to make observations which might be regarded as completely relevant to the Bill as it progresses, because I have noted without too much surprise the extent of the proposed amendments to the draft Bill already made.

No doubt that further reflection on this matter by the Government will cause still further amendment to be accepted. In this event the Committee may desire further representations from the Government of British Columbia.

As to the draft Bill and the proposed amendments to it, I may say that the change of title is not something with which I am concerned.

Nor am I concerned with the addition of proposed section 11, which is in effect a statement of a well-known proposition of law, but which may be of limited application to this Bill in view of Mr. Varcoe's suggestions affecting sections 3 (d) and 9 of the draft Bill.

I am concerned with the principle of the Bill, as no doubt is this Committee.

The fact that it has been introduced in the guise of an innocuous measure may in some quarters be reason enough to scrutinize its provisions and effects most carefully.

On introducing the Bill, Mr. Howe said the principle of the Bill was to establish Federal control over international rivers such as that exercised by the Federal Government of the United States, and stated further that the Government of Canada derived the right to legislate in this fashion as a result of Article 2 of the "Boundary Waters Treaty" of 1909.

This will be seen from the following quotations:—

Mr. Speaker, the purpose of this bill is to enable the Canadian government to ensure that the construction, operation and maintenance of international river improvements are carried out in an orderly manner and in the national interest.

...By Article 2 of the boundary waters treaty, the government of Canada has exclusive jurisdiction and control of the use of all waters within Canada, which in their natural channels would flow across the boundary, and has the right to divert and use these waters within Canada. The United States has the same rights south of the boundary. Therefore these matters are not within the jurisdiction of the international joint commission. This international rivers bill is designed to deal with these matters, since no other legislation covers regulation in this field.

His further view on this Bill, in commenting on the debate in second reading, was to say that it is a Bill "that simply asks that the information be laid on the table."

Mr. Lesage said on second reading of the Bill:—

...What has been done in this present bill has been to apply the provisions of section 92 (10) (c) to the category of works which are clearly for the general advantage of Canada. Such declaration is contained in the legislation. I think it is clear that there can be no doubt as to the constitutional validity of the bill. What it does is to apply the specific provisions of the British North America Act to the category of work that by definition must have consequences that are of national concern.

and referring to the object of the Bill, Hon. Mr. Lesage stated:—

“...The hon. member was entirely correct. That is the purpose of the bill, namely to develop and utilize the resources of Canada in the national interest. That purpose will be the test of the measures taken under this legislation. That purpose is obviously a national purpose and is not a local or provincial one.”

Mr. Varcoe, in his remarks before the External Affairs Committee, gave very significant testimony relating to the scope and possible effect of this Bill when he replied to certain questions posed by the honourable member from Kamloops.

“Mr. Fulton’s questions are as follows:

“First, does the dominion government or does it not have the right, if this bill passes, to construct either themselves or through an agent, the Columbia diversion in the absence of further legislation?”

“Two, if this bill passes, and you think it does not give them that right, then would further legislation be required and is it within the competence of the dominion parliament now to enact such legislation?”

“Now, this is my answer to the first question:”

Of course this is continuing Mr. Varcoe’s quotation.

It is the case that if any person proposed to construct such a work as would divert the Columbia into the Fraser, he would certainly require a licence under this bill, but he would have to obtain from the province the water rights to execute such a work. In other words, while a licence under this bill would be essential, there is nothing in this bill which would authorize or require the Columbia diversion.

I follow that up by this observation:

It is to be observed that this bill does not authorize expropriation of water rights or any expenditure or the making of any contracts. It is nothing but a licensing measure.

The answer to the first question is that the dominion government does not have the right under this bill to construct, through an agent or otherwise, the Columbia diversion.

With reference to the second question, it would not in my opinion, be within the authority of a provincial legislature to enact a law authorizing the diversion of an international river so as to affect the flow of the river across the border. Such a law would have legal effects outside the province and consequently parliament is the only authority which could enact such a law, applying the rule that any law which is beyond the competence of a provincial legislature must, of necessity, fall within the legislative jurisdiction of parliament.

Certainly, the government could not divert the Columbia river without first gaining authorization from parliament, and, in this connection, it should be borne in mind that the proprietary interest in the water power would have to be acquired. Acquisition of the property would have to be effected either by purchase or expropriation...

The questions continue.

By Mr. Fulton:

Q. I would like to thank Mr. Varcoe for the care and attention with which he has answered the question, and to ask him, with relation to his answer to the first part which was, as I understand it, that even if

this bill carried in its present form it would not be in the competence of the dominion government to construct the diversion works on the Columbia river, whether there is not room for argument in the light of clause 9 of the proposed bill which reads:

All international river improvements heretofore or hereafter constructed, and not excepted from the operation of this Act, are hereby declared to be works for the general advantage of Canada.

I am wondering whether that gives a prospective right, as it were so that it could be said the effect is that because any works which would divert the Columbia into the Fraser would be an international river improvement within the meaning of this bill, and Parliament now declares that those works would be for the general advantage of Canada, the government can therefore say we have the right to construct them ourselves or authorize an agent to construct them.—A. Only under further legislation.

Q. That declaration could not be made by the government under this bill?—A. No. It is my opinion that it could not under this bill.

Q. I am glad to hear that because I was little concerned that perhaps clause 9 was wide enough to enable the Governor in Council to say, now that we have clause 9 which declares all river improvements "heretofore or hereafter constructed... to be for the general advantage of Canada", we so declare the Columbia diversion and are going ahead by order in council to authorize the diversion.—A. I do not think that that could be done.

Mr. STICK: I wonder if I could follow up Mr. Fulton's question. You said that clause 9 does not give this parliament the authority under this Act to carry on those works without further legislation. But this Act does give the federal parliament power to enact new legislation to cover these works.

The WITNESS: The declaration follows the resolution within the jurisdiction of parliament as a result of section 92 (10) (c) of the B.N.A. Act. Once that declaration is made parliament has certain legislative authority over such local works and undertakings.

Mr. STICK: It does give parliament power to bring in future legislation?

The WITNESS: Yes.

By Mr. Fulton:

Q. Am I to understand now that this bill gives parliament authority, or is it that parliament always has had authority if it wishes to bring in such legislation?—A. Yes.

Q. The authority is there in head 10 of section 92?—A. Yes. The power is in the bill in case parliament wanted to go further and do something more than this bill contemplates.

Q. Would the enactment of any such further legislation depend upon the authority in this bill 3, or would it stand on its own?—A. Let me give you example. Parliament a good many years ago declared all the elevators in western Canada to be works for the general advantage of Canada. That declaration was designed to bring into operation in respect of those elevators all the provisions of the Canada Grain Act because it was doubtful whether they applied. Now, that declaration once made brings those elevators within the jurisdiction of parliament

and parliament could go on any time and pass further laws over and beyond what is now contemplated in the Canada Grain Act. That is all I meant by my answer given to your last question.

Q. Parliament now by making this declaration will assume rights and control over all works on the Columbia river, but to specifically authorize this proposed diversion would require further legislation?—A. Yes.

It is indeed from the statements of Mr. Varcoe that we see where we are going under the proposed Bill, for I think Mr. Varcoe's version of the possible effect of this Bill is far too modest.

This Bill will permit the Federal Government to step in and develop significant portions of the water resources of the Province without the need of further reference to the Province, because I am of opinion that the Bill is wide enough to permit the expropriation of the Province's water rights by the Federal Government, and that such provision can be made by Order in Council under section 3 of the Bill.

But what is worse, the Bill also prevents the Provincial Government from developing those water resources if the Federal Government does not see fit to do so.

When this Bill is returned to the House, I think the propriety of such an arrangement should be more candidly discussed by the Government, so that Parliament will realize what it is being asked to do when called upon to support the further passage of this Bill.

The ramifications of national control of the development and utilization of water resources of the United States cannot be better stated than by referring the Committee's attention to the very excellent report made by the President's Water Resources Policy Commission to the President of the United States on December 11th of 1950.

This work, in three volumes, illustrates the complexities of the Bill under discussion if this Bill is to be the forerunner of such a policy in Canada.

That it may be the forerunner of such a policy may be inferred from section 9 of the Bill, which, as originally proposed, read as follows:—

“9. All international river improvements heretofore or hereafter constructed, and not excepted from the operation of this Act, are hereby declared to be works for the general advantage of Canada.”

It is well known to the Committee from earlier study that this section is a supposed exercise of a declaration provided for in section 92 (10) (c) of the “British North America Act”.

The effect of a valid declaration under this section was commented upon by the then Mr. Justice Duff of the Supreme Court of Canada in the course of replying to certain questions referred to that Court by the Governor General in Council on October of 1929.

I refer now to the specific remarks of then Mr. Justice Duff—here I must digress to note with regret the passing of this noted jurist—later Chief Justice of the Supreme Court, by referring to 1929 Canada Law Reports, at page 220:—

The authority created by s. 92 (10c) is of a most unusual nature. It is an authority given to the Dominion Parliament to clothe itself with jurisdiction—exclusive jurisdiction—in respect of subjects over which, in the absence of such action by Parliament, exclusive control is, and would remain vested in the provinces. Parliament is empowered

to withdraw from that control matters coming within such subjects, and to assume jurisdiction itself. It wields an authority which enables it, in effect, to rearrange the distribution of legislative powers effected directly by the Act—and of course the reference there is to the British North America Act—and, in some views of the enactment, to bring about changes of the most radical import, in that distribution; and the basis and condition of its action must be the decision by Parliament that the “work or undertaking” or class of works or undertakings affected by that action is “for the general advantage of Canada,” or of two or more of the provinces; which decision must be evidenced and authenticated by a solemn declaration, in that sense, by Parliament itself.

I am therefore not prepared to accept the bland assurances given in the House and to this Committee of the limited effect of this Bill.

The Bill is capable of going much farther than any point which has been admitted on behalf of the Government of Canada, and is sufficiently wide in its provisions and in its implications as to introduce into Canada almost identical policy to that which prevails in the United States of America on behalf of its Federal Government, even to affecting the proprietary rights of the Province in its own water resources.

The Bill is drafted in the skeletal form of the “War Measures Act”, in which the heart and substance of the Bill is yet to be disclosed by the regulations of the Governor in Council.

In effect, this Bill and what may be done under it is wide enough to nationalize the two major drainage basins of the Province of British Columbia, and far from being a measure providing for control by negation, it is, in the opinion of the Government of British Columbia, a Bill by which the National Government without Provincial consent is enabled to develop and utilize certain of the water resources of our Province—an intention which is clearly stated in the opening lines of section 3 of the Bill.

3. The Governor in Council may, for the purpose of developing and utilizing the water resources of Canada in the national interest, make regulations, and the nature of these regulations is then set out:

- (a) respecting the construction, operation and maintenance of international river improvements;
- (b) respecting the issue, cancellation and suspension of licences for the construction, operation and maintenance of international river improvements;
- (c) prescribing fees for licences issued under this Act; and
- (d) excepting any international river improvements from the operation of this Act.

Federal activity of this nature is not derived from the traditional division of responsibility provided by the Constitution, or from the fact that a river is an international river.

It is not supported by a rule of law, the only reliable pronouncement in this connection being the Water Refence of 1929; nor does it depend upon treaty obligations arising out of the treaty of 1909.

The paragraph of that treaty, partially cited by the Rt. Hon. C. D. Howe in support of the latter proposition, was read as follows: Each country shall have—

... the exclusive jurisdiction and control over the use and diversion, whether temporary or permanent, of all waters on its own side of the line which, in their natural channels, would flow across the boundary.

The full quotation is as follows:—

ARTICLE II

Each of the High Contracting Parties reserves to itself or to the several State Governments on the one side and the Dominion or Provincial Governments on the other as the case may be, subject to any treaty provisions now existing with respect thereto, the exclusive jurisdiction and control over the use and diversion, whether temporary or permanent, of all waters on its own side of the line which in their natural channels would flow across the boundary or into boundary waters; but it is agreed that any interference with or diversion from their natural channels of such waters on either side of the boundary, resulting in any injury on the other side of the boundary, shall give rise to the same rights and entitle the injured parties to the same legal remedies as if such injury took place in the country where such diversion or interference occurs; but this provision shall not apply to cases already existing or to cases expressly covered by special agreement between the parties hereto.

It is understood, however, that neither of the High Contracting Parties intends by the foregoing provision to surrender any right, which it may have, to object to any interference with or diversions of waters on the other side of the boundary the effect of which would be productive of material injury to the navigation interests on its own side of the boundary.

I want to stress that that article which was relied upon does make specific reference to the dominion and provincial governments, having referred to the state governments in the United States with respect to that side of the high-contracting parties' obligations.

On reading this article it will be seen that the respective responsibilities of the Governments of Canada and the Provinces concerned were recognized by the High Contracting Parties.

This Bill, if it has validity, derives its authority from the declaration contained in section 9, and not otherwise.

Indeed, in the form in which it was originally submitted a latent constitutional weakness of the Bill was detected by the Deputy Minister of Justice in an observation made to Mr. Low.

In an endeavour to cure this defect, Mr. Varcoe suggested certain changes with respect to clause 3 (d) and the declaration contained in section 9 to which I made earlier reference. These are incorporated in the draft bill which was distributed at the commencement of this committee meeting. The effect of this proposed change is that the Governor in Council may relieve certain projects from the necessity of obtaining a licence, and the liability of incurring the penalties provided under sections 5 and 6 of the Bill.

But by this proposed amendment, the section 9 declaration would become absolute.

In these circumstances, the grace, which might otherwise be apparent in the provisions of proposed section 11 of the Bill, becomes most questionable,

and I suggest no legislation or regulation of present consequence to the Province, in respect of hydro installations, can have any effect or application to international river improvements, these having become immutably works for the general advantage of Canada, abstracted from the Provincial jurisdiction by the application of section 92 (10) (c) of the "British North America Act."

I cannot imagine that the Government of Canada has set itself upon this course deliberately.

If these criticisms are valid, the occasion for them arises as a result of the thoughtless manner in which Bill No. 3 has been introduced.

I do not mean to be harsh, but this fact is quite apparent by the Minister's repeated willingness to accept amendments to this Bill, prompted by the advice of this Committee and representations made by certain of the Provinces of Canada.

I wish to repeat that section 92 (10) (c) is an invidious provision of our constitution which, in the hands of an incautious National Government, represents the means of achieving endless centralization of authority and encroachment upon Provincial jurisdiction.

That this is so is evident from the limited use made of this portion of the "British North America Act" by previous governments.

What is a valid declaration under this provision of our constitution has not been fully defined in our Courts.

The untested effects of the declarations under this section of the constitution are to be seen, however, in the "Railway Act" and in the action taken some years ago in respect of wheat-elevators on the Prairies.

Indeed, in respect to wheat, Federal control has been developed to the extent that a wheat-farmer in Manitoba has been forbidden to ship his own grain to feed his own chickens in the Province of British Columbia.

Litigation involving this matter is now before our Courts, but it illustrates what may be involved in this Bill. Though it may be argued that the proprietary right of the farmer and his wheat is theoretically not impaired, we see it to be effectively negated by Federal legislation or regulation. So it would be with water resources.

While it is urged by Mr. Lesage that the Provinces' proprietary interests are saved under the proposed section 11, Mr. Varcoe had this to say in answer to a question by Mr. Green:

Q. Well then, that means this: that the province cannot do anything in connection with the waters within its territories if the effect of the works is to be a diminishing of the water which goes over the boundary to the United States?—A. It cannot do anything without a licence under this proposed Act.

I turn now, Mr. Chairman, to Part IV, which is entitled "The Nature and Extent of Canadian Planning".

I wish to illustrate the further concern which British Columbia feels on the subject of water-power development, which arises from circumstances surrounding and preceding the introduction of this Bill.

These remarks necessarily involve, first, the nature and extent of Canadian planning; secondly, the nature and extent of Federal-Provincial liaison in this field; thirdly, the implication of present developments on United States-Canadian relationships; and, finally, the necessity for examining and preserving certain basic Provincial jurisdictions related to the field of development and utilization of water resources.

Under the first head of discussion, I think it proper to say that despite the fact that the Columbia reference was established in 1944, Canadian efforts thereunder appear not to have matched those of the United States.

We are, in terms of information enabling us to act effectively by defining our own policy, far behind the Americans.

It appears likely, however, as a result of the attention being given to the Columbia, attributable no doubt in part to measures being considered by the Government of the Province of British Columbia involving Arrow Lake storage, that Canada's efforts generally will be accelerated.

The agency responsible for planning under the 1944 terms of reference, as this Committee knows, is called the International Columbia River Engineering Board.

The Canadian membership on this Board is presently composed of a senior officer of the Department of Northern Affairs and National Resources and a senior officer from the Federal Department of Public Works.

As the Board is charged with the broad responsibility of reporting to the International Joint Commission on the Columbia River, it now appears most desirable to the Government of the Province of British Columbia that the Province have some suitable voice among the Canadian membership at the Board level, in order that the Province shall be fully informed of the direction in which planning and investigations concerning the Columbia and other waterways are proceeding.

This suggestion is advanced because in recent years active participation at the planning stage has not been afforded to Provincial authorities.

It must be obvious that Provincial representation at the Board level would permit better and more rapid evaluation of the implications of the various objectives now before that Board.

It would appear, as well, that the Government of British Columbia would be more rapidly and fully informed by such representation.

Below the Board level, a committee has been formed, the original intention of which it would seem to be to put into effect the planning of the Board.

Canadian members of this committee are the senior officers in British Columbia of the Department of Northern Affairs and National Resources and the Federal Department of Public Works and, as well, the Deputy Minister of Lands for the Province of British Columbia.

It is regretted that the activities of this committee under Board direction have been principally confined to reviewing material already accumulated for the Board, rather than to discussing new proposals or the progress of investigations in being.

I would illustrate the shortcomings of this situation by pointing out that such major decisions on the part of the Canadian membership of the Board as the survey of the proposed Kootenay diversion, the proposed Columbia-Fraser diversion, or the diversion of the Shuswap to the Okanagan were made without the benefit of discussions on the committee level at which the Province had representation.

The matter of the Kootenay River diversion study, which would naturally be of prime interest to the Province, was reported to the Province as a *fait accompli* by the direct distribution by General McNaughton of a copy of a report compiled by the Department of Northern Affairs and National Resources following investigations which were made without the knowledge of the Province of British Columbia.

Incidentally, the committee itself was first advised of this diversion study by the same distribution. My information is that the American membership of that committee were noticeably disturbed by this action.

Below the committee level there is a working group composed of engineers representing each of the committee members.

If this group has good reason for existing, it might be supposed that its task would include the evaluation and development of material which originated from the planning and investigations of the Board and committee.

The group, due to the confined activities of the committee, has had relatively few specific assignments from the committee in recent months.

Matters concerning the larger diversions and power developments have not always been referred to the group.

My purpose in raising this matter in connection with a Bill devoted to the development and utilizing of the water resources of Canada is to suggest to this Standing Committee on External Affairs the need for re-examination of existing machinery dealing with water resources and, in so far as the work of this machinery deals with the water resources of British Columbia, the need for greater participation by, and representation of, the officials of the Province in matters of vital Provincial concern.

Valuable as planning for hydro-electric development may be, the Province cannot consent to have casually planned out of existence certain portions of the Province, particularly if this is done by agencies in which the Province does not have suitable voice or representation, and which, on that account, are not responsible to the Government of British Columbia.

I think it might be interesting to the committee, Mr. Chairman, if I were to ask Mr. Paget and Mr. Kidd to put upon the blackboard at the rear of the committee room an aerial photo of a significant river in our province which involves a project under planning, which has the sort of effect on our communities which we regard so seriously.

Perhaps with your permission I might invite Mr. Kidd, who is the project engineer, and who is placing the aerial photo into position, to comment on its significance and to identify the areas concerned.

With your further permission, we have prepared twenty copies of a map covering the same area, from which the committee might be able to follow Mr. Paget's remarks more closely. May I have your permission to distribute them?

Mr. A. F. PAGET (*Comptroller of Water Rights*): Mr. Chairman, this map represents a portion of the Columbia river between the Murphy creek damsite and the so-called Castlegar damsite. It shows in addition the existing Brilliant dam of the West Kootenay Power and Light Company, the town of Castlegar, the village of Kinnaird; the location of the railroad may be found as well as highways and agricultural lands.

The red line that has been imposed on this aerial photograph illustrates the approximate elevation of 1,422 feet. That has been placed on this map in view of the repeated statement that the Murphy creek damsite would be desirable to store 4 million acre feet, presumably 4 million net acre feet.

The result of this elevation of 1,417 feet, which would be required to contain 4 million net acre feet, plus 5 feet, and the elevation to provide by way of action of ice during the storage period, indicates that a great deal of the Canadian Pacific Railway in this area would be flooded and would require relocation. Moreover, substantial areas of low-bottom land would be flooded out; a great deal of the town of Castlegar would be flooded, and important areas on the south side of the river would be flooded as well.

A great portion of the Canadian Pacific Railway in this area would be flooded, and there would be high water conditions against the West Kootenay Power and Light Company's plant at Brilliant, which might be so serious that this particular plant could not operate.

The Castlegar dam, as you can see, has been located with a view to taking this particular difficulty away from a rather important industrial and transportation junction of the province.

There also has been a discussion of even a higher dam which would contain a great deal more water in the Arrow lakes which, if constructed, would carry a high water condition into Revelstoke, and destroy practically the whole of the Arrow lakes economy including to the bottom lands around Arrowhead.

As Hon. Mr. Bonner has mentioned, agriculture is a very important thing; and in our water resources planning we give great significance to the protection and development of agriculture.

I think I have fairly well illustrated the impact of the planning in this matter. The planning we are following has, it is certainly only a planning matter, it has to take into full account the whole of the existing economy of the Arrow lakes, agriculturally and industrially.

Hon. Mr. BONNER: Thank you, Mr. Paget.

Mr. PEARKES: Would it be possible to connect the red line on this map with the various lines on the other map?

Hon. Mr. BONNER: I was going to make that very observation. First, Mr. Paget inadvertently referred to the flooding of Trail. He meant the flooding of Revelstoke.

Mr. PAGET: Pardon me.

Hon. Mr. BONNER: The extent of flooding is indicated on this map in pink; that indicates the extent of arable and available land which would be taken out of use in the proposed impounding of water which has been proposed by the national government.

The point of drawing this matter to your attention graphically in this way is to illustrate two things: first, the limited nature of the terrain which we have in British Columbia suitable and available for settlement and development is limited by our mountainous topography; and secondly, the care which the provincial government must exercise in examining the value of impounding waters, that is, against the areas which would otherwise be available for settlement, industry, agriculture and that sort of thing.

It was intended to be a graphic illustration of the remarks in the brief, that we cannot consent to have casually planned out of existence certain portions of our province, because land of this sort is so valuable to us and to our future.

With your permission, Mr. Chairman, I shall continue with Part V of the brief which is entitled "Federal-Provincial Liaison."

The nature and extent of Federal-Provincial liaison in matters affecting hydro power leave much to be desired.

The dispute which has arisen in connection with the proposed Kaiser Dam is a classic example of this conclusion.

Referring to the Kaiser Dam, the Rt. Hon. C. D. Howe said this:—

Strangely enough, General McNaughton has not been consulted by the province of British Columbia about this transaction. He tells me that he was in Victoria on the day this contract was signed, and that he did not hear about the agreement until two or three weeks later.

Now, in fairness to Mr. Howe, I think he inadvertently misstated General McNaughton's advice.

It is well known that General McNaughton was not in Victoria on the 17th of September, 1954, because communications between General McNaughton and the Honourable Mr. Sommers by telegram of September 17th and 18th clearly indicate otherwise.

Mr. Howe's statement, however, does imply that General McNaughton was not completely advised of developments relating to Arrow Lakes storage.

That General McNaughton knew that this matter was being broached is clearly evident in the Minutes of Proceedings before the External Affairs Committee of May 12th, 1954. I refer to pages 174 and 175 of that record.

My advice is that on May 2nd, 1954, General McNaughton had been in conversation with Mr. Rowland Stokes-Rees, vice-president and manager of the Kaiser Engineers, at Montebello, Que.; that on May 4th, 1954, one Michael Miller of the Kaiser Aluminum Company was in telephone conversation with General McNaughton on the subject of the Arrow Lakes; and, further, that on June 17th, 1954, a lengthy meeting took place involving Messrs. McCarthy, Dittmer, Krey, Stokes-Rees, Taylor and Colonel Gerdes, representing Kaiser interests, and General McNaughton and seven Canadian Government officers, at Ottawa, in the course of which discussions clearly indicated the early possibility of an agreement with the Province of British Columbia on Arrow Lakes storage.

Following this meeting, I am advised Mr. Thomas K. McCarthy, counsel for the Kaiser Aluminum Corporation, under date of July 12th, 1954, wrote to General McNaughton confirming and reiterating the subject-matter of the discussions of June 17th, 1954. I am advised that General McNaughton replied to this letter under date of July 22nd.

In the midst of these developments Mr. Lesage visited the Province of British Columbia during July of 1954, and on the 14th day of July had conversations with the Premier of British Columbia. Despite Mr. Lesage's present concern over this matter, he did not raise any question concerning Arrow Lakes storage during these conversations.

In view of these circumstances and the presumed due passage of information relating to such discussions to interested Ministers of the National Government by General McNaughton, I find it difficult to understand what was intended by the Rt. Hon. C. D. Howe when he said on February 11th last, "We do not know too much about this proposal."

If I am to understand now that the Government of Canada opposes the proposal involving the Arrow Lakes storage, its previous apparent lack of concern, lack of inquiry, and lack of correspondence with my Government, despite full information, is impossible to understand.

With your permission I shall now turn to Part VI, which relates to "International Ramifications".

Whatever the implications of Bill No. 3 may be in terms of Federal-Provincial relations, much of the discussion involving diversions of water from the United States have international implications of interest to the Committee on External Affairs.

I wish, therefore, to make brief comment on American-Canadian relationships in this connection.

Fortunately, in this century, Canada and the United States have enjoyed a relationship which is an example to most of the world.

This relationship was expressed tangibly during the last war, and in a not unrelated sense continues to-day in measures assuring the proper defence of North America.

Some further evidence of what I refer to is contained in this exchange of notes which took place on October 26th, 1950.

Because they lend some perspective to the consideration of this Bill, I have set out in full the contents of these notes and certain statements made in connection with their effect.

I shall not read, Mr. Chairman, the full text of these matters which, incidentally, are set out from the United States Department of State bulletin, volume 23, July-December, 1950, except to refer to certain statements of principle for economic cooperation which are contained in them.

UNITED STATES AND CANADA WORK OUT PRINCIPLES FOR ECONOMIC COOPERATION

(Pages 742 and 743 of United States Department of State Bulletin,
Vol. 23, July-December, 1950.)

U.S.-CANADIAN EFFORT FOR COMMON DEFENSE

Secretary of State Dean Acheson and Ambassador Hume Wrong of Canada signed an exchange of notes today giving formal effect to a Statement of Principles for Economic Cooperation between the two countries. The statement sets forth general principles for guidance of the two Governments in achieving a coordinated economic effort for their common defense.

The exchange of notes reaffirms the practice of the two countries followed during World War II when they cooperated closely under terms of the Hyde Park agreement of 1941. This agreement between President Roosevelt and Prime Minister Mackenzie King enabled officials of the United States and Canada to coordinate for mutual benefit their activities in such matters as military procurement, economic controls, and the use of raw materials.

The arrangements worked out under the Hyde Park agreement proved so successful that, when international conditions again appeared threatening, the Joint United States-Canada Industrial Mobilization Planning Committee was established on April 12, 1949, to make plans in case joint action should again become necessary. The United States Section of the Committee consists of the Chairman of the National Security Resources Board and of the Munitions Board.

The increase in military requirements and the need for reimposition of such economic controls as are required by rearmament programs of both countries have made it necessary to implement plans made by the Joint Industrial Mobilization Planning Committee. On August 8, therefore, the United States Section of the Committee and their Canadian colleagues agreed that a set of principles should be adopted fostering close and effective cooperation between the two countries in this vitally important field. The principles were subsequently approved by the President and the Canadian Cabinet.

Both Governments intend to carry out these undertakings in a manner consistent with their other international obligations.

It is expected that action taken under the Statement of Principles for Economic Cooperation will greatly increase our industrial mobilization potential and will enable us better to prepare ourselves for any military emergencies which may arise.

U.S. NOTE TO CANADA

I have the honor to refer to recent discussions between representatives of our two Governments for the general purpose of reaching an agreement to the end that the economic efforts of the two countries be coordinated for the common defense and that the production and resources of both countries be used for the best combined results. Their deliberations were based on concepts of economic cooperation which were inherent in the Hyde Park Agreement of 1941 and which are still valid today. They formulated and agreed to the "Statement of Principles for Economic Cooperation" annexed hereto, which is intended to guide, in the light of these basic concepts, the activities of our respective Governments.

If this attached statement is agreeable to your Government, this note and your reply to that effect will constitute an agreement between our two Governments on this subject.

DEAN G. ACHESON,
Secretary of State.

CANADIAN REPLY

I have your note of today with regard to the recent discussions between representatives of our two Governments for the purpose of reaching an agreement to the end that the economic efforts of the two countries be coordinated for the common defense and that the production and resources of both countries be used for the best combined results. I am glad to confirm that the "Statement of Principles for Economic Cooperation," which was annexed to your note, is acceptable to my Government. Your note and this reply will, therefore, constitute an agreement between our two Governments on this subject.

HUME WRONG,
Ambassador of Canada.

STATEMENT OF PRINCIPLES FOR ECONOMIC COOPERATION

The United States and Canada have achieved a high degree of cooperation in the field of industrial mobilization during and since World War II through the operation of the principles embodied in the Hyde Park Agreement of 1941, through the extension of its concepts in the post-war period and more recently through the work of the Joint Industrial Mobilization Planning Committee. In the interests of mutual security and to assist both Governments to discharge their obligations under the United Nations Charter and the North Atlantic Treaty, it is believed that this field of common action should be further extended. It is agreed, therefore, that our two Governments shall cooperate in all respects practicable, and to the extent of their respective executive powers, to the end that the economic efforts of the two countries be coordinated for the common defense and that the production and resources of both countries be used for the best combined results.

The following principles are established for the purpose of facilitating these objectives:

1. In order to achieve an optimum production of goods essential for the common defense, the two countries shall develop a coordinated program of requirements, production, and procurement.
2. To this end, the two countries shall, as it becomes necessary, institute coordinated controls over the distribution of scarce raw materials and supplies.
3. Such United States and Canadian emergency controls shall be mutually consistent in their objectives, and shall be so designed and administered as to achieve comparable effects in each country. To the extent possible, there shall be consultation to this end prior to the institution of any system of controls in either country which affects the other.
4. In order to facilitate essential production, the technical knowledge and productive skill involved in such production within both countries shall, where feasible, be freely exchanged.
5. Barriers which impede the flow between Canada and the United States of goods essential for the common defense effort should be removed as far as possible.

Hon. Mr. LESAGE: Hear, hear.

Hon. Mr. BONNER:

6. The two Governments, through their appropriate agencies, will consult concerning any financial or foreign exchange problems which may arise as a result of the implementation of this agreement.

A statement was then made by Secretary Acheson, and a statement on behalf of Canada was made by the Minister of Trade and Commerce for Canada.

STATEMENT BY SECRETARY ACHESON

(Released to the press on October 26th.)

I am very happy to have been able to take part this morning with my American and Canadian colleagues in bringing into effect the Statement of Principles for Economic Cooperation between our two Governments. This statement reaffirms and reinvigorates the principles of the Hyde Park agreement of 1941. That agreement played so vast a part in enabling our two countries to make a common effort in the last war. In this period, when we are preparing our defenses as part of the defenses of the free world, the two Governments have thought it most important to bring that statement of principles once more into effect.

STATEMENT BY C. D. HOWE, CANADIAN TRADE
AND COMMERCE MINISTER

(Released to the press on October 26th.)

The Canadian Government welcomes the agreement outlined in today's exchange of notes as a major step in our joint effort to strengthen the defenses of North America and the entire world. Our joint military partnership which proved so effective in the last war is being renewed this time in an effort to avoid another war. Once again, we are placing our skills and our resources of raw materials and finished products at each other's disposal for a common purpose, the purpose being to harness the full industrial potential of the North American Continent.

Traditionally, Canada and the United States march side by side in time of war. The fact that in the field of military production we will march together in an effort to prevent another war will be reassuring to the peoples of both countries.

The significance of that, I think, is the anticipation of the harnessing of the full industrial potential of the North American continent for the purposes of peace as well as of war.

I return now to the brief.

We are assured on all sides that our water resources, particularly those of the Columbia, are of increasing value.

This is evident from the power shortage apparent in the Northwest States.

Knowing the strategic value of industry depending upon Columbia water power, the fact that we are delaying the development of hydro installation in the United States while we in Canada pursue a leisurely examination of our own resources can only cause our American friends understandable exasperation.

I think the time is at hand when we should concert our best efforts at the Federal and Provincial level to ensure no further delay in the development of certain feasible and desirable projects on the Columbia.

I have two in mind—the Mica Dam and Arrow Lakes storage, which properly go together. So great would be the combined benefit to the United States of the developments of these projects that it has been suggested that American capital would be literally donated to Canada to ensure these undertakings.

Our sole expenditure in these areas would be for generating facilities, which soon would be offset by the value of down-stream benefits returned to Canada in proper measure for Canadian use.

In this connection, if I may digress, the conference which is presently being held between the government of Canada and the governments of the ten provinces, which has in contemplation a discussion in the fall of a joint investment in the development of our natural resources, might very well concern itself with such a suggestion as I have made here today.

Mr. CROLL: In view of the Kaiser deal, you mean?

The CHAIRMAN: Please!

Hon. Mr. BONNER: I have not said so.

The CHAIRMAN: Let us carry on.

Hon. Mr. BONNER:

I am advised that an immediate market exists for whatever energy return to British Columbia may be determined for Arrow Lakes storage.

It may be difficult to dispose immediately of the large power block of which Mica is capable.

I would remind the Committee, however, that successful negotiation by the Governments of Canada and the United States on the reduction of tariffs on strategic metals entering the United States would be almost immediately followed by increased activity of basic industry already established in my own Province, and also by accelerated industrial settlement by domestic and foreign capital anxious to take advantage of the abundance of cheap power which we can develop.

Active discussions between British Columbia and Canada to this end should take place without delay.

While we make no move to develop the Columbia, and oppose such American projects as Libby (which I think we are well advised to do), and in these circumstances talk of diverting the Columbia into the Fraser, we cannot hope to avoid creating resentment on the part of the United States to the detriment of our long-time good relationship.

In my opinion the Columbia diversion requires more to commend it than I have heard so far.

We must not endanger our salmon run in the Fraser, as did the Americans upon the Columbia.

That is but one aspect, but it, too, is international.

Neither must we be dog-in-the-manger in respect of water which for the moment may be called surplus.

In this connection I have used "surplus" in the sense in which it has been used by the officials of the Department of Northern Affairs and by the International Joint Commission.

I know from the remarks of Len Jordan, Chairman of the U.S. Section of the International Joint Commission, delivered before the Canadian-United States Committee in Bermuda at its spring meeting in March of this year, that the Columbia diversion proposal has the ingredients of a major misunderstanding between the United States and Canada.

I know all here would regret to see such a development.

The development I refer to is the misunderstanding.

Frank discussions regarding water power among representatives of Canada, the United States, and British Columbia are clearly necessary for the harmonious development of the Columbia.

I would like to turn now to the final part of the brief, Part VII, entitled "The Need for Examining and Preserving Basic Provincial Jurisdictions over Water Power."

I turn now to the fourth point, which is the necessity for examining and preserving to the Province certain basic jurisdictions related to the field of development and utilization of water resources.

I have already referred to the effect which this Bill will have upon the proprietary interest of the Province in one of its chief natural resources.

Certainly it will also have the effect of transferring all regulatory powers over a major part of the water resources in the Province to the Parliament of Canada.

The effect of a declaration under section 92 (10) (c) of the "British North America Act" as contained in this Bill is the same as if the "British North America Act" were amended to include "international rivers" in section 91, thus giving exclusive legislative control over these rivers to the Parliament of Canada.

This declaration under section 92 (10) (c) will oust various Provincial Statutes in respect to their application to developments on "international rivers."

Examples of British Columbia Statutes in this category would be the "Hours of Work Act", "Minimum Wage Act," "Factories Act," "Labour Relations Act," and "Public Utilities Act."

Moreover, the "Power Act" of British Columbia, which heretofore has been recognized as exhaustive of the authority respecting the public development and utilization of water resources for the production of power, would have no application on international rivers as defined by this Bill.

The passage of this Bill would, therefore, remove from the control of the British Columbia Power Commission its Whatshan installation, in which the Commission has invested 6½ million dollars, and the hydro installation on the Spillimacheen River which flows into the headwaters of the Columbia, in which the Commission will have invested, when that project is completed this year, about 2½ million dollars.

I must go on to point out that such major private installations as those of the West Kootenay Power and Light, City of Nelson Light, and the Consolidated Mining and Smelting Corporation would likewise pass out of the jurisdiction of the Provincial Government into that of the Federal, notwithstanding the proposal that Mr. Varcoe made that the Governor in Council be empowered to relieve certain undertakings from sections 4, 5, and 6 of the proposed Bill.

This conclusion must inevitably arise from the apparent intention to make the declaration contained in section 9 of the Bill absolute.

I must observe a corollary to this observation, that unless a valid and absolute declaration is made under section 9 of the Bill, I very seriously question that the remainder of this Bill could have any constitutional validity.

In what position would the proposed Bill place hydro-electric power in British Columbia?

In the Province at present we have power developed by private corporation and we have public power developed by the British Columbia Power Commission.

Private power in British Columbia has a total investment at this time of hundreds of millions of dollars.

The British Columbia Power Commission is expanding, and has invested at present about 81 millions of dollars.

These two systems of hydro-electric power production exist side by side in healthy competition and with mutual respect one for the other.

This is a condition much favoured by the people of British Columbia, because since the introduction of public power we have seen pioneering work undertaken by the Power Commission which has brought benefits to regions of the Province many years in advance of the results likely to be achieved by private industry.

This, of course, is not in any way a criticism of private industry, which has a very creditable record of achievement in the power field of British Columbia.

The purpose of my remarks, however, is to show that public and private power each have their place in British Columbia, and that the people of British Columbia, so far as I can judge, are anxious to see these dual concepts of development freely preserved.

A few moments ago, having mentioned a number of the Statutes and regulations of the Province which would be no longer applicable to international river improvements should this Bill pass. I said that the position of the Power Commission, in respect of two installations presently in existence, would be seriously prejudiced by the passage of this Bill.

Knowing that the Bill affects existing public power installations, I ask the Committee most seriously to consider the future effect of this Bill upon public power development on international rivers in British Columbia.

Serious as the effect may be upon privately developed power, I think it a less serious problem, because conceivably a private corporation may work without undue difficulty under either Federal or Provincial jurisdiction.

This is not true with public power, however, and when public moneys are raised for the development of hydro-electricity by the Province of British Columbia through the British Columbia Power Commission, it follows that a necessary condition of the investment of that money is that complete control be retained over the installation in which those public moneys are invested.

I cannot avoid the conclusion, therefore, that the most astonishing result of this Bill is to rule out the possibility that in an area comprising 22 per cent of the total area of the Province, from a drainage point of view alone, not to mention the service point of view, and in respect of rivers with a potential of nearly half of the total hydro-electric potential of the Province, the entry and development by the British Columbia Power Commission of electric energy will, in the future, be prevented by this Bill.

If the Federal Government had sought openly to destroy the future of the British Columbia Power Commission and to deliver the development of our major waterways exclusively into the hands of private power corporations, however excellent they may be from other points of view, the Federal Government could not have been more effective in that purpose than they appear now to be, from the support which they have given to this proposed Bill.

Mr. Chairman, I have been perhaps over-long in my remarks on Bill No. 3.

I have no regrets in this connection because I am confident that your Committee is anxious to have the sort of information and observations which are contained in this brief.

Without such material, your Committee's study of this Bill would be less than complete.

In my opinion this Bill is undesirable and for the purpose of preserving the national interest, in which we are all concerned, totally unnecessary. The Government of British Columbia has never failed to co-operate with the Government of Canada when properly called upon to do so.

I cannot avoid contrasting unfavourably the circumstances under which this Bill was introduced with those under which the Motor Vehicle Transport Bill was introduced in the last session of the House of Commons.

The Motor Vehicle Transport Bill, which involved an invasion of a jurisdiction heretofore considered to be purely Provincial, was introduced by the then Minister of Transport following a full and frank discussion between the Government of Canada and the Governments of nine of our ten Provinces.

Full and serious consideration was given to the provisions of that Bill prior to its introduction.

Such has not been the case with Bill No. 3, which I think to be of even greater importance.

The result has been that the responsible Minister has been placed in the unenviable position of expressing willingness to accept a number of amendments which do not meet the objections contained in this brief.

Mr. Chairman, this brief has developed the following points to assist your Committee in its study of this Bill:

- (1) The historic concern and duration of exclusive Provincial administration over its water resources.
- (2) The physical impact of Bill No. 3, which affects 22 per cent of the Province's total area, nearly one-half of its potential hydro development, and a substantially larger area of the Province which would be served thereby.
- (3) The constitutional impact of the Bill, which is in effect a serious constitutional amendment.
- (4) Provincial concern over the nature and extent of planning affecting water resources.
- (5) The inadequacy of present Federal-Provincial liaison.
- (6) International implications of indecisive Canadian policy on water resources and the need to achieve Federal-Provincial co-operation in this field.
- (7) Basic Provincial legislation is ousted and the future of public power in British Columbia is destroyed by this Bill.

In the light of these submissions, I think it would not be amiss for me to suggest serious examination of the effects and implications of Bill No. 3, and that this Committee recommend for that purpose that this Bill be withdrawn by the Government of Canada before irreparable harm is done to the people and to the economy of British Columbia in respect of future development and utilization of that Province's water resources.

APPENDICES

BRITISH COLUMBIA

ESTIMATE OF AREAS AND HYDRO POWER POTENTIAL IN B. C.
AFFECTED BY BILL NO. 3 OF THE HOUSE OF COMMONS
OF CANADA

SOUTH EASTERN BRITISH COLUMBIA

	Drainage Area Sq. MI.	Hydro Power	
		Developed	Undeveloped
COLUMBIA-KOOTENAY	35,000	702,000 H.P.	5,750,000 H.P.
OKANAGAN	3,800	—	1,000
SIMILKAMEEN	2,500	—	18,400
KETTLE	3,175	—	3,560
SKAGIT	430	—	—
TOTALS	46,635	702,000 H.P.	1,315,660 H.P.

NORTH WESTERN BRITISH COLUMBIA

ALSEA RIVER	350	—	not known
YUKON-TAKU PROJECT	21,000	—	4,200,000 H.P.
STIKINE-CHUT	10,700	—	2,400,000
UNDA	57	—	not known
TOTALS	41,877	probably over 7,500,000 H.P.	

Scale: 1 inch = 100 miles

APPENDIX B

APPENDIX C (1)

WATER RIGHTS BRANCH

CONDITIONAL WATER LICENCE

BRITISH COLUMBIA POWER COMMISSION of Victoria, B. C. is hereby authorized to store water as follows:—

- (a) The source of the water-supply is Buttle Lake.
- (b) The point of storage is located on the attached plan.
- (c) The date from which this licence shall have precedence is 22nd June, 1951.
- (d) The purpose for which the water is to be used is as set out in Conditional Water Licences Nos. 17294 and 20713.
- (e) The maximum quantity of water which may be stored is 360,000 acre feet per annum and such additional quantity as the Engineer may from time to time determine should be allowed for losses.
- (f) The period of the year during which the water may be stored is the whole year.
- (g) The land upon which the water is to be used and to which this licence is appurtenant is as set out in Conditional Water Licences Nos. 17294 and 20713.
- (h) The works authorized to be constructed are concrete dam approximately 50 feet high and 410 feet long and they shall be located approximately as shown on the attached plan.
- (i) The construction of the said works shall be commenced on or before the 1st day of July, 1953, and shall be completed and the water beneficially used on or before the 31st day of December, 1955.
- (j) The construction of the works and the operation of this licence shall at all times be subject to the conditions set out in Exhibit "B" hereto attached.

E. H. Tredcroft,
Comptroller of Water Rights.

No. 0189364

Date issued June 4, 1952

Licence No. 20714

British

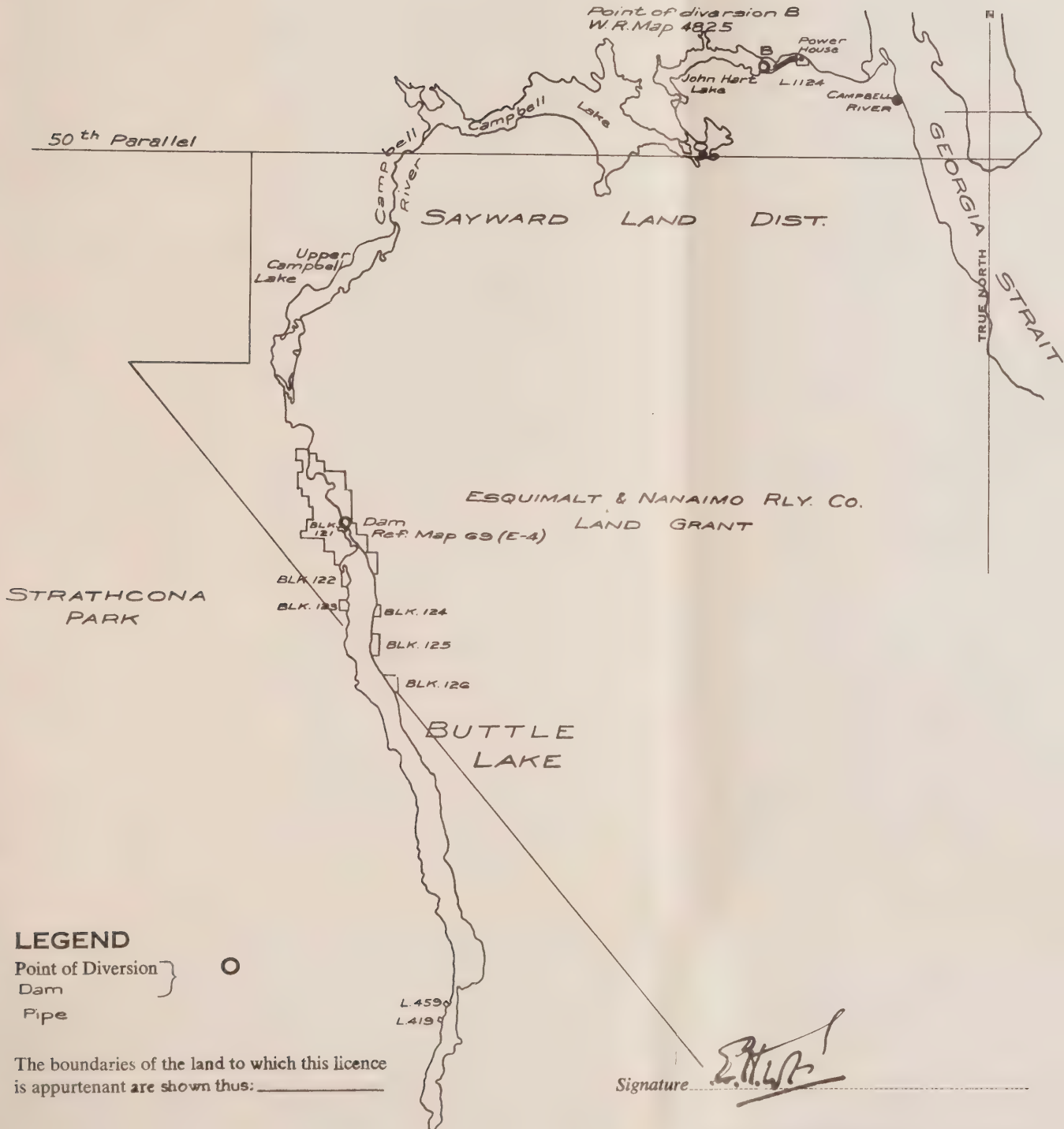


Columbia

To accompany Conditional Licence No. 20714

NANAIMO WATER DISTRICT

Scale: 4 Miles to 1 Inch



LEGEND

- Point of Diversion } O
- Dam
- Pipe

The boundaries of the land to which this licence is appurtenant are shown thus: _____

Signature

[Handwritten Signature]

Date June 4th 1952

EXHIBIT "A"

For diversion see C.L. 20713

C.L. 20714

File 0189364

WATER RIGHTS BRANCH

Exhibit "B"

The licensee shall,

(1) Remove all standing timber from around Buttle Lake below elevation 55 feet (i.e. extreme high water level) and grub or cut off stumps close to the ground in such areas and between such elevations as may be directed by the Comptroller.

(2) Dispose of all merchantable timber in such manner as may be directed by the British Columbia Forest Service and in accordance with their regulations.

(3) Carry out said clearing at such times and in such manner as may be directed by the Comptroller.

(4) Destroy all debris resulting from the removal of timber including vegetable matter and trash below elevation 755 feet (i.e. extreme high water level).

(5) Clear and grub such areas for camping-sites and landing-places as may be recommended by the Parks Branch of the British Columbia Forest Service and approved by the Comptroller.

(6) Contribute to the cost of restocking Buttle Lake with game fish as may be recommended by the British Columbia Game Commission and approved by the Comptroller, up to an amount, not to exceed the sum of \$3000.00 per annum, or enter into an agreement with the said Game Commission providing for mutually satisfactory arrangements to maintain the sport fish population in Buttle Lake.

(7) Operate the Buttle Lake storage in such a manner that the reservoir will be at or near its maximum elevation on the first day of June of each year.

(8) Withdraw water from the reservoir during the months of June, July and August at a rate that will not cause the level of the reservoir to fall by more than three feet in any month, without the consent of the Comptroller if first having been obtained.

(9) Construct a public access road to Buttle Lake at or near the proposed damsite.

(10) Supply the Comptroller with all plans, profiles, reports and other information concerning the proposed works as he may require.

(11) Shall not commence clearing or construction of any portion of the proposed works until such time as the damsite at Buttle Lake has been fully investigated by drilling and plans for clearing and construction approved by the Comptroller.

E. H. Tredcroft,
Comptroller of Water Rights.

File No. 0189364 Date issued June 4, 1952 Conditional Licence No. 20714

STANDING COMMITTEE

WATER RIGHTS BRANCH
DEPARTMENT OF LANDS AND FORESTSORDER
WATER ACT
SECTION 13

File No. 0189364

Being satisfied that no person's rights will be affected, I hereby amend Conditional Water Licence No. 20714, Buttle Lake, as follows:

- (1) By deleting clause (h) therefrom and substituting therefore the following:
 - (h) The works authorized to be constructed are concrete or other type of storage dam as approved by the Comptroller at or near the outlet of Buttle Lake.
- (2) By amending Exhibit "B" attached to the said Conditional Water Licence No. 20714 by deleting clauses 1, 4, 7 and 8 therefrom and substituting therefrom the following:
 - (1) Remove all standing timber from around Buttle Lake below elevation 755 feet as referred to in the Water Rights Branch 'datum' as established in 1924 and grub or cut off stumps close to the ground in such areas and between such elevations as may be directed by the Comptroller.
 - (4) Destroy all debris resulting from the removal of timber including vegetable matter and trash below elevation 755 feet as referred to in the Water Rights Branch 'datum' established in 1924.
 - (7) Operate the Buttle Lake storage in such a manner that the reservoir will be at or near its maximum elevation on the first day of July of each year.
 - (8) Withdraw water from the reservoir during the months of July, August and September at a rate that will not cause the level of the reservoir to fall by more than three feet in any month, without the consent of the Comptroller first having been obtained.

Dated at Victoria, B.C., this 16th day of November, 1953.

A. F. PAGET,
Deputy Comptroller.

APPENDIX C (2)

AGREEMENT BETWEEN
THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA
AND ALUMINUM COMPANY OF CANADA LIMITED

Dated 29th December, 1950

This agreement made the 29th day of December, A.D. 1950,

BETWEEN:

His Majesty the King in right of the Province of British Columbia (hereinafter called the Government), represented herein by the Minister of Lands and Forests of the said Province (hereinafter called the Minister) duly authorized by Order-in-Council No. 2883 under the authority of the "Industrial Development Act," of the first part:

AND

Aluminum Company of Canada, Limited, a company incorporated under the laws of Canada, having its head office in the city of Montreal in the Province of Quebec and duly registered in the province of British Columbia, having an office in the city of Vancouver, British Columbia (hereinafter called ALCAN) and represented herein by its proper officers duly authorized by resolution of its Board of Directors dated 22nd December, 1950, of the second part:

Witnesseth that whereas the prosperity of British Columbia depends on the development of its natural resources, the expansion of its industry and the establishment of new centres of population within the province, and

Whereas the remote unrecorded waters hereinafter referred to as the Eutsuk and Tahtsa water power are natural resources capable of producing great quantities of electric power, and

Whereas the government is unwilling to provide and risk the very large sums of money required to develop those water powers to produce power for which no market now exists, or can be foreseen except through the construction of facilities for the production of aluminum in the vicinity, and

Whereas the government desires ALCAN to investigate the possibilities of the said water powers for aluminum production, to develop the natural resources of the province and to establish an economically sound and prosperous business in the province, and

Whereas ALCAN is willing to consider the construction of a large aluminum plant including the required power development at a location where it will have assurance that it may continue to import its raw materials, generate low-cost electric power to process such materials and export aluminum at sufficiently low prices to compete with aluminum and other materials in distant and protected markets with a reasonable expectation of adequate reward for the risks inherent in the business, and

Whereas ALCAN has financed and established and is operating large plants in prosperous communities for the generation and use of great quantities of electric power to process imported ore into aluminum, which is largely sold abroad, and

Whereas the construction of such an aluminum plant at or near the site of the said water power would accomplish, without investment by or risk to the government, the development of power, the establishment of a permanent industry, and the beginning of a new centre of population, and

Whereas His Majesty, by and with the advice and consent of the Legislative Assembly of the province of British Columbia, has authorized the Lieutenant-Governor-in-Council to make, and the Minister to execute, an agreement to advance that end, on such terms as the Lieutenant-Governor-in-Council deems advisable and in the best interest of the province.

Now therefore in consideration of these premises and of the mutual covenants, provisions and conditions hereinafter set forth and pursuant to the powers conferred upon the Lieutenant-Governor-in-Council by the "Industrial Development Act," the parties hereto agree as follows:

1. *Licence and Permit*

The government grants to ALCAN the right, and a licence or licences and a permit or permits under the "Water Act," to store and to use by diversion and otherwise, those unrecorded waters called the Eutsuk and Tahtsa water power and to occupy all crown lands pertinent to the full development and operation of the said water power which is identified and described in the forms entitled "Conditional Water Licence" and "Permit Authorizing the Occupation of Crown Land" appended hereto and made a part hereof.

ALCAN may in due course submit to the government detailed plans and descriptions prepared by a qualified land surveyor showing exactly the crown lands required by ALCAN for flooding and/or, other purposes in respect of the Works (as hereinafter defined in Section 3 hereof) and the parties hereto will forthwith execute a supplementary agreement identifying such plans and descriptions which agreement and plans and descriptions shall be appended hereto and made a part hereof.

The Government hereby authorizes the Comptroller of Water Rights and the Minister to issue under the "Water Act," subject to the provision of Section 14 hereof, the said licence or licences and permit or permits, and will from time to time execute and deliver or cause to be executed and delivered any and all further instruments that ALCAN may reasonably request to confirm or implement the rights, licences and permits hereby granted.

2. *Cancellation of Licence and Permit*

If ALCAN commences construction of the Works (hereinafter defined) before 1st June, 1953, and installs at the Works generating equipment having a capacity of not less than 400,000 horsepower before 1st January, 1963, ALCAN'S rights hereunder (including Alcan's rights under the said licence or licences and permit or permits in respect of the aforesaid water power) may not be reduced prior to 1st January, 1983, for any cause other than default by ALCAN in the performance of its obligations under Sections 4, 5 and 6 hereof. If, on 1st January, 1983, the generating equipment installed at the Works has a capacity of 750,000 horsepower or more ALCAN'S said rights may not be reduced prior to 31st December, 1999, for any cause other than default by ALCAN as aforesaid. On 31st December, 1999, a final licence will be issued to ALCAN based on the generating capacity then installed at the Works. At no time will the said licence or licences and permit or permits be cancelled or the quantity of water that ALCAN is authorized to store, divert and use or the area of Crown Lands ALCAN is authorized to occupy be reduced below the quantity and area required for the full utilization of the then installed generating equipment except in case of default by ALCAN as aforesaid.

If ALCAN, by reason of business or other conditions, should request extensions of the periods specified in connection with the construction of the Works, the Minister may grant such extension to the extent that he shall consider them reasonable.

If before the installation at the Works of generating equipment having a capacity of not less than 750,000 horsepower ALCAN or any of its subsidiaries should begin construction elsewhere of a comparable aluminum plant having an annual capacity of 225,000 tons or more and a power development adequate to furnish the requirements of such plant or if Aluminium Limited (if then affiliated with ALCAN) or any of its then subsidiaries should begin construction of such a project in Canada, the said rights and the licence or licences and permit or permits granted hereunder may be reduced to the extent that such rights are not required for the full utilization of the then installed generating equipment.

If the Government should at any time reduce ALCAN'S said rights hereunder, on account of the portion withdrawn the Government will include in any licence or permit thereafter granted to anyone other than ALCAN a provision for the payment to ALCAN of equitable compensation for any benefit derived from the construction and operation of the Works by ALCAN.

3. *Sale of Crown Lands*

Notwithstanding Sections 46 or 57 of the "Land Act," the GOVERNMENT will, from time to time, when required by ALCAN, sell and convey, in fee simple, to ALCAN such Crown Lands as may be needed for the Works which are hereby defined as "all dams, canals, tunnels, aqueducts, penstocks, raceways, protection works, powerhouses, spillways, wharfs, docks, townsites, hydraulic structures, roadways, railways, cableways, pipe lines, flumes, transmission lines and all other structures, waste dumps and other facilities capable of or useful in connection with diverting, storing, measuring, conserving, conveying or using the water of the Eutsuk and Tahtsa water power and producing, measuring, transmitting or using the power to be generated thereby and plant sites, wharfs, docks, townsites, roadways, railways, conveyors and all other structures, waste dumps and other facilities capable of or useful in connection with producing aluminum and other materials by using power generated by the said water power.

Such sales shall be made at prices not in excess of the present minimum prices specified in Section 47 of the "Land Act." No stumpage or royalty will be exacted on timber which is damaged, destroyed, or removed in connection with the construction or operation of the structures and facilities enumerated in this section, and which is not used or otherwise gainfully disposed of by ALCAN.

On all such lands and lands to be flooded by the Works the GOVERNMENT agrees to maintain a reserve against staking under the "Mineral Act," "Placer-mining Act" and the "Petroleum and Natural Gas Act" and specifically the reserve placed by Orders-in-Council Nos. 413 and 414 of 6th March, 1950, and to refrain from alienating any such lands until completion of construction and/or flooding affecting any portion thereof. During such period ALCAN shall have prior right to locate and record claims to any mineral discovered by reason of the development of the said water power. Subsequent to completion of development of any part of the Works the GOVERNMENT will maintain adequate reserves for the protection of that part of the said Works against encroachment.

The GOVERNMENT will permit ALCAN to occupy and to flood such Crown Land as may be required for the construction and the operation of the Works but shall not be obligated to sell to ALCAN any Crown Lands that are required only for the purpose of flooding by ALCAN on the rental terms set forth in Section 6 hereof.

Roads built by ALCAN to provide access to and between the various sites of the Works constitute part of the Works and Crown Lands required for such

roads may be purchased by ALCAN as is provided in this Section 3 hereof. However, ALCAN may in specific cases requested by ALCAN and subject to approval by the Minister of Public Works, improve existing roads, including supplementing them by the construction of new roads without any charges by the GOVERNMENT even when Crown Lands are involved and without assuming the obligations of ownership of such improvements.

Any road constructed by ALCAN and located on its own property, excepting roads used entirely in connection with the operation of the Works, may be declared a public road when such action is considered by the Minister of Public Works to be in the Public interest. However, in such event the GOVERNMENT will assume the maintenance of the road and ALCAN will convey to the Government the land occupied by such road without compensation.

4. *Initial Rentals*

ALCAN has paid to the Minister the sum of \$20,000 receipt of which is hereby acknowledged and the Minister will, in lieu of further rentals or other charges during the period prior to the generation of power at the Works, accept evidence that ALCAN has made expenditures on engineering studies of British Columbia water powers and the designs and specifications for the Works at an average rate from 1st June, 1948, of not less than \$40,000 per year up to an aggregate amount of at least \$750,000. ALCAN will deliver to the GOVERNMENT the reports and plans produced by the said engineering studies if and when the said licence or licences and permit or permits are surrendered or cancelled.

5. *Rentals for Power Generated*

ALCAN will pay the GOVERNMENT in respect of all hydro-electric energy generated by ALCAN at the Works the following annual rentals:

(i) in respect of all hydro-electric energy used by ALCAN and its subsidiaries (defined as companies controlled by ALCAN) engaged in processes contributory to the production of aluminum or sold as secondary power (i.e., energy for the production of steam or otherwise in direct competition with fuel) ALCAN will pay an annual rental per horsepower year equal to one and two-thirds times the average price per pound (f.o.b. British Columbia smelter) realized by ALCAN on aluminum produced in British Columbia and sold by ALCAN during the previous calendar year;

(ii) in respect of all other hydro-electric energy generated at the Works ALCAN will pay an annual rental based on the rental rates paid by others in the Province for the generation of electric energy for similar purposes, taking location and other relevant factors into consideration;

Provided, however, that the annual rentals for the first year and subsequently shall in no event be less than 25 cents per horsepower year in respect of any hydro-electric energy generated at the Works.

6. *Rentals for Lands Flooded*

ALCAN will, commencing with the generation of power at the Works, pay the GOVERNMENT an annual rental in respect of Crown Lands flooded by the said Works except when occupied by some party unrelated to ALCAN at the rate of 10 cents per acre of such lands; provided, however, that such rental shall be increased if and to the extent that two-thirds of the average price of aluminum determined in accordance with the provision of Section 5 hereof is in excess of 10 cents per pound.

7. *Removal of Timber*

The GOVERNMENT may at its expense remove any timber on lands to be flooded in connection with the Works if and to the extent that such removal will not delay ALCAN in making beneficial use of the water. ALCAN will not be required to remove timber from land flooded or to be flooded except as hereinafter specified. No stumpage or royalty will be exacted on timber which is flooded or which is not used or otherwise gainfully disposed of by ALCAN.

On the lands which are to be flooded ALCAN will clear and make usable to low water level all public road and trail ends, water trails between lakes and such other areas as the GOVERNMENT may direct up to a total cost for all clearing by ALCAN not to exceed \$250,000. ALCAN will re-establish wharves, landings, docks and other public approaches, or public facilities that exist and are in use at the time of this agreement and will keep the water approaches to such facilities clear of debris, and maintain navigability between them to the extent now enjoyed.

8. *Incorporation of Townsites*

Whenever the Minister of Municipal Affairs or ALCAN shall so request or upon a petition under the provisions of the Municipalities Incorporation Act, the GOVERNMENT will incorporate into one or more city or district or village municipalities all townsites or other centres of population developed or to be developed in connection with the Works. Also the Government, with the consent of the Legislature, will incorporate into one or more "Industrial Townships" such areas of land as ALCAN may designate, and specifically those areas or tracts of land which will be owned by ALCAN and which will include the dams, tunnels, transmission lines, roads and all other portions of the Works.

9. *Sale of Power by ALCAN*

In order that the promotion and development of the district and of other industries in the vicinity of the Works may be encouraged, ALCAN may sell to others electric energy generated at the Works and shall not by reason of sales be deemed a public utility within the meaning of the "Public Utilities Act." However, the terms of sales to persons other than ALCAN's own subsidiaries, employees and tenants shall be subject to the jurisdiction of the Public Utilities Commission, but said Commission shall have no authority to require ALCAN to furnish service other than retail distribution and small power service to any one in the absence of an undertaking so to do on the part of ALCAN or to require ALCAN to extend any service that it shall have undertaken to furnish.

10. *Taxes*

The rentals payable by ALCAN pursuant to Sections 4, 5 and 6 hereof shall be in leu of all taxes and other charges of any nature whatsoever imposed by or under the authority of the GOVERNMENT on or in respect of the Works or the lands appurtenant thereto including flooded land, or the operation of the Works or the electric energy generated thereat except (a) Provincial Land and Provincial School Taxes on the value of lands and improvements owned by ALCAN which are not then within the boundaries of an organized municipality or a said "Industrial Township," (b) Taxes imposed by a municipality on property owned by ALCAN, (c) Provincial Land and Provincial School Taxes on the unimproved value of lands owned by ALCAN in an "Industrial Township" within which ALCAN will provide required public services to Provincial standards, and (d) Franchise and

Income Taxes, use and consumptions taxes (except on electric energy generated and used by ALCAN or its subsidiaries engaged in processes contributory to the production of aluminum) and taxes of a similar nature generally applicable to corporations doing business in the Province.

The GOVERNMENT will not impose or authorize discriminatory taxes or charges of any nature whatsoever on or in respect of the Works, the operation or the products of the Works, or the conduct of the business incident thereto.

11. *Dependability of Power Supply*

It is recognized that ALCAN is a party to this Agreement solely with the expectation that it will have the continuing use of a large quantity of low cost electric energy to be employed according to its needs for the production of aluminum, the cost of such energy being in large part predetermined by the amount of the carrying charges on its investment in the portion of the Works producing the said energy.

It is, therefore, agreed that ALCAN will not be required or compelled to supply to the GOVERNMENT or to anyone else any of the power generated at the Works, except as provided in Section 9 hereof.

12. *Force Majeure*

If by reason of any event not reasonably within its control, ALCAN shall be delayed in the commencement or prosecution of the construction of the Works, the dates specified in Section 2 hereof shall be extended by the period of such delay or delays.

13. *Sale, Mortgage, etc.*

Nothing in this Agreement shall be deemed to restrict or impair the right of ALCAN to sell, mortgage, convey, lease or otherwise dispose of or transfer, in whole or in part, the Works, any associated property owned by ALCAN or the right and privileges that ALCAN has under this Agreement and all licences, permits and other instruments that have been or may be delivered for the purpose of confirming or implementing the same; provided, however, that with the exception of town lots such sale, mortgage, conveyance, lease or other disposition or transfer shall be made expressly subject to the terms of this Agreement, and provided further that, without the consent of the Minister, no such sale, mortgage, conveyance, lease or transfer shall be made prior to 1st January, 1963, except to a subsidiary or an affiliate of ALCAN or to trustee or otherwise as an incident to the financing of the construction of the Works by ALCAN or a subsidiary or an affiliate of ALCAN.

14. *Application of Statutes*

The present provisions of the "Water Act" shall be applicable to this Agreement and to the said license or licences and permit or permits hereby granted to the extent that such provisions are pertinent and not in conflict with the terms of this Agreement, or of the said licence or licences and permit or permits. Any provision of this Agreement or of said licence or licences and permit or permits that is in conflict with any present or future statute of general application shall not be invalidated by reason of such conflict.

15. *Successors and Assigns*

This agreement shall be binding upon and inure to the benefit of the successors and assigns of ALCAN.

IN WITNESS WHEREOF the Minister of Lands and Forests has hereunto set his hand and seal, and ALCAN has hereunto caused its Corporate seal to be affixed and this agreement to be signed by its President and Secretary as of the day and year first above written.

SIGNED, SEALED AND DELIVERED by
the Minister of Lands and Forests in the
Presence of

The Aluminium Company of
Canada Limited

President.
Secretary.

[Draft.]

29th December, 1950

Permit No. 3449

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA
DEPARTMENT OF LANDS AND FORESTS

PERMIT UNDER THE "WATER ACT," AUTHORIZING
THE OCCUPATION OF CROWN LAND

THE ALUMINUM COMPANY OF CANADA, LIMITED, of Montreal, Quebec, being holder of Conditional Water Licence No. 19847 authorizing the storage, diversion and use of the water of the Nechako River, Skins Lake and Nanika River and their tributaries is hereby authorized to occupy by and in connection with flooding those Crown Lands lying below the 2820 foot (referred to a bench-mark in Ootsa Village established by the Water Rights Branch of the Department of Lands and Forests of British Columbia) contour around and adjacent to the storage reservoir tributary to the Nechako River and Skins Lake, and below the 3120 foot (referred to the above mentioned bench-mark) contour around and adjacent to the storage reservoir tributary to the Nanika River as shown on Exhibit "A" attached hereto and forming part hereof, and to occupy by and in connection with the construction, maintenance and operation of the works referred to in the said conditional licence those Crown Lands designated in an Agreement between the Government and the Licensee dated 29th December, 1950, the total having an area of some 300 square miles the exact area and description to be determined as stated in the said Agreement.

The licensee is authorized to use or destroy the timber on the said lands by submerging it or otherwise in accordance with the terms and conditions of the said Agreement.

This permit is appurtenant to the land to which the aforesaid Conditional Water Licence is appurtenant.

The conditions relative to the rights granted under this permit are in accordance with the terms of the said Agreement made between the Government and the Licensee dated 29th December, 1950, to which this permit is to be attached and form a part thereof.

PROVINCE OF
BRITISH COLUMBIA

[Draft.]

29th December, 1950

DEPARTMENT OF
LANDS AND FORESTS

WATER RIGHTS BRANCH

CONDITIONAL WATER LICENCE
No. 19847

THE ALUMINUM COMPANY OF CANADA, LIMITED, of Montreal, P.Q., is hereby licenced and authorized to store, divert and use water and to construct, maintain and operate works as follows:—

- (a) The sources of water supply are the Nechako River above Grand Canyon and all the streams and lakes tributary thereto, Skins Lake, and the Nanika River and all the streams and lakes tributary thereto except the tributaries which join the said river more than two miles below Kidprice Lake.
- (b) The points of storage, diversion and use, and the extent of the storage reservoirs are approximately as shown on plan marked Exhibit "A" which is attached hereto and forms part hereof.
- (c) The date from which this licence shall have precedence is 3rd August, 1949.
- (d) The purposes for which the water is to be used are storage and power as set forth in an Agreement between the Government and the Licensee dated 29th December, 1950.
- (e) The maximum quantity of water which may be stored is 35,000,000 acre feet. The maximum rate of diversion is 9,500 cubic feet per second.
- (f) The period of the year during which the water may be stored, diverted and used is the whole year.
- (g) The land upon which the water is to be used and to which this licence is appurtenant is that land which is required for the power houses referred to in the said Agreement and indicated on the said plan marked Exhibit "A".
- (h) The works authorized to be constructed are the works referred to in the said Agreement and indicated on the said plan marked Exhibit "A".
- (i) The construction of the said works shall be commenced and carried on in accordance with the terms set forth in the said Agreement.
- (j) The licensee shall furnish simultaneously to the Department of Fisheries of the Government of Canada, the Game Commissioner of the Government of British Columbia and the Comptroller of Water Rights copies of the plans and specifications of all works proposed to be constructed and shall not commence the construction of any works until the plans and specifications thereof have been approved by the said Comptroller.
- (k) The Licensee shall not store, divert or use any water in any reservoir to be created under this licence until the plans for the construction of such works have been submitted to the Comptroller and approved by him.

- (1) This licence is issued in accordance with the terms of the said Agreement between the Government and the Licensee, dated 29th December, 1950, and is to be attached thereto and form a part thereof.

The CHAIRMAN: Now, gentlemen, I know it will meet with the approval of the members of the committee when I express our thanks to the Hon. Mr. Bonner for his interesting presentation.

It remains for the committee to decide whether or not we shall carry on further this afternoon. We have already been here two hours. Without trying to impose my views, I wonder if it would not be wise for us to adjourn now and for the members to see whether they have any clarification they want, and then we might meet tomorrow at 11 o'clock. Would that suit the members?

Mr. CROLL: Mr. Chairman?

The CHAIRMAN: If I give you the floor, Mr. Croll, I shall have to give it to all the members. Mr. Fulton has looked at me twice and I think he wants to ask some questions too.

Mr. CROLL: I merely wanted to give notice with respect to some information required.

The CHAIRMAN: If we go right on and permit every member of the committee to give notice, we might be here for another hour.

Mr. STICK: I move we adjourn until tomorrow at 11 o'clock.

The CHAIRMAN: If any of the members feel that they should get written information or documentation from the attorney-general, perhaps it would be in order for them to ask for it now, if that is what they have in mind.

Mr. CROLL: That is all I had in mind. On page 26 of his brief, the attorney-general made reference to a series of documents in which certain information was communicated to General McNaughton and between various people other than the attorney-general of the province. I would like the attorney-general to bring those documents with him tomorrow so that we might examine them, that is all.

The CHAIRMAN: I apologize, sir, for trying to prevent you from asking such an interesting question.

Mr. BYRNE: The Hon. Mr. Bonner said he had copies available of the agreement between the Kaiser Aluminum Company in the province of British Columbia.

The CHAIRMAN: Are there any other members of the committee who want anything in writing to be brought to this committee?

Mr. STICK: I move we adjourn until tomorrow at 11 o'clock.

The CHAIRMAN: Just before I adjourn the committee I would like to say that I have have been asked by the hon. the Speaker to announce that a reception will be held this day in the Hall of Fame, between 6 and 7 o'clock for the delegates to the provincial conference, and that the chairmen and members of committees of the House are invited to attend.

Canada, External Affairs
Standing Committee on, 1955

HOUSE OF COMMONS

Second Session—Twenty-second Parliament

1955

Government
Publications

STANDING COMMITTEE

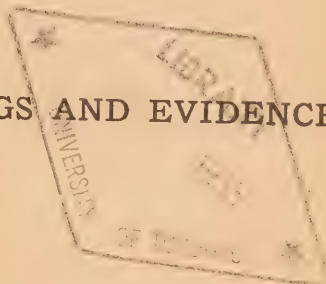
ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9



Bill No. 3, An Act respecting the Construction, Operation and Maintenance
of International River Improvements.

THURSDAY, APRIL 28, 1955

WITNESS:

Honourable R. W. Bonner, Q.C., Attorney-General, Province of British
Columbia.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE
ON
EXTERNAL AFFAIRS

Chairman: L. Philippe Picard, Esq.,
and Messieurs

Balcer	Fulton	MacKenzie
Barnett	Garland	Macnaughton
Bell	Gauthier (<i>Lac St. Jean</i>)	McMillan
Boisvert	Green	Montgomery
Breton	Henderson	Patterson
Byrne	Henry	Pearkes
Cannon	Herridge	Richard (<i>Ottawa East</i>)
Cardin	Jones	Stick
Crestohl	Jutras	Stuart (<i>Charlotte</i>)
Croll	Low	Studer—35.
Decore	Lusby	
Diefenbaker	MacEachen	

Antonio Plouffe,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, April 28, 1955.
(12)

The Standing Committee on External Affairs met at 11 o'clock a.m. this day. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Balcer, Barnett, Bell, Breton, Byrne, Cannon, Cardin, Crestohl, Croll, Decore, Fulton, Garland, Green, Henderson, Henry, Herridge, Jones, Low, MacEachen, MacKenzie, Macnaughton, Patterson, Pearkes, Richard (Ottawa East), Stick and Stuart (Charlotte).—(27).

In attendance: From the Province of British Columbia: Honourable R. W. Bonner, Q.C., Attorney-General; Honourable R. E. Sommers, Minister of Lands and Forests and Minister of Mines; Advisers: H. Alan MacLean, Q.C., Esq., Deputy-Attorney General; E. W. Bassett, Esq., Deputy Minister of Lands; A. F. Paget, Esq., Comptroller, Water Rights Branch, Department of Lands; G. Kidd, Esq., Project Engineer, Water Rights Branch, Department of Lands. *Also in attendance,* T. H. Crosby, Esq., Chairman, British Columbia Power Commission; H. L. Briggs, Esq., General Manager, British Columbia Power Commission.

From the Department of Northern Affairs and National Resources: Honourable Jean Lesage, Minister; Mr. Maurice Lamontagne, Assistant Deputy Minister; Mr. T. M. Patterson, Chief, Engineering and Water Resources Division; and Mr. C. K. Hurst, Chief, International Waterways Section, Water Resources Division.

From the Department of Trade and Commerce: Mr. John Davis, Associate Director, Economics Research Division.

From the International Joint Commission: Mr. J. L. MacCallum, Legal Adviser; and Mr. A. D. Chance, Assistant Secretary.

The Committee continued its consideration of Bill No. 3.

Mr. Bonner was called.

In answer to Mr. Croll's request of Wednesday, April 27, he read into the record an extract of a letter dated May 21, 1954, from Honourable Mr. Sommers to General MacNaughton.

He also referred to a memorandum dated June 17, 1954, and read a letter dated July 12 to General MacNaughton from Mr. Thomas K. McCarthy of The Kaiser Aluminum Corporation, and one to Mr. McCarthy dated July 22 from General MacNaughton.

A debate arising as to the tabling of the above-mentioned memoranda, it was agreed to defer further questioning thereon until the afternoon meeting.

Reference being made to a preliminary report on the Arrow Lake Project dated June 28, 1954, which Mr. Bonner properly identified, said report was tabled for the information of the Committee and marked *Exhibit A*, same to be returned to Mr. Bonner.

On motion of Mr. Byrne, it was further agreed that the memoranda and letters referred to be tabled and printed as appendices. (*See appendices 1, 2 3 and 4 to this day's evidence*).

In answer to Mr. Byrne's request, copies of an agreement entered into between the Government of British Columbia and the Kaiser Aluminum Chemical Corporation were tabled and distributed.

In the course of Mr. Bonner's examination, questions of a technical nature were answered by Mr. Paget.

At 1 o'clock p.m., Mr. Bonner's examination still continuing, the Committee adjourned until 3.30 o'clock this day.

AFTERNOON SITTING

(13)

THURSDAY, April 28, 1955.

The Committee resumed at 3.30 o'clock p.m. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Barnett, Bell, Byrne, Cannon, Cardin, Crestohl, Croll, Fulton, Garland, Gauthier (*Lac-Saint-Jean*), Green, Henderson, Herridge, Jones, Low, MacEachen, MacKenzie, Macnaughton, Montgomery, Patterson, Pearkes, Stick and Stuart (*Charlotte*).—(24).

In attendance: Same as at the morning sitting.

Honourable Mr. Bonner's examination was continued.

Specific technical questions were again referred to Mr. Paget.

Copies of the following document referred to by the witness, at the morning meeting, were tabled and distributed, namely: a memorandum dated June 17 on the storage on the Arrow Lakes in British Columbia.

The following, previously read, were tabled, namely:

1. Letter of May 4, 1954, from Honourable Mr. Sommers to General McNaughton;
2. Memorandum on conversation between Mr. Michael Miller of Kaiser Aluminum and General McNaughton, dated May 4, 1954;
3. Summary of minutes of a meeting with Kaiser Representatives held on Friday, September 17, 1954.

In tabling copies of the above, Mr. Lesage stated that he was only supplying copies of documents produced by the witness.

By consent, Mr. Lesage questioned Mr. Bonner on the interpretation of certain portions of his brief and the Agreement already tabled and distributed.

At 6.00 o'clock p.m., Mr. Bonner's examination still continuing, the Committee adjourned until 8.15 o'clock this evening.

EVENING SITTING

(14)

THURSDAY, April 28, 1955.

The Committee resumed at 8.15 o'clock p.m. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Balcer, Barnett, Breton, Byrne, Cardin, Crestohl, Fulton, Garland, Gauthier (*Lac-Saint-Jean*), Green, Henderson, Herridge, Jones, Low, Lusby, MacEachen, MacKenzie, Macnaughton, Montgomery, Patterson, Pearkes, Richard (*Ottawa East*), Stick and Stuart (*Charlotte*).—(25).

In attendance: Same as at the morning sitting.

Mr. Bonner's examination was continued.

By consent, Honourable Mr. Lesage further questioned the witness on the Agreement entered into between Kaiser Corporation and Government of British Columbia.

Mr. Bonner read a memorandum being a summary of proceedings of a meeting held on September 17, 1954, between Messrs. Stokes-Rees and Taylor of the Kaiser Corporation and General McNaughton. He also quoted paragraph 4 of the Agreement and Section 8 of the Water Act being Chapter 361 of the Province of British Columbia Statutes.

The Chairman read paragraph 5 of said Agreement.

At 10.00 o'clock p.m., Mr. Bonner's examination still continuing, the Committee adjourned until Friday, April 29 at 11.00 o'clock a.m.

Antonio Plouffe,
Clerk of the Committee.

EVIDENCE

THURSDAY, April 28, 1955.

The CHAIRMAN: Gentlemen, we have again with us this morning the Hon. Mr. Bonner and the Hon. Mr. Sommers together with their advisors.

Just before we adjourned yesterday there was a question on how to proceed in order to give a chance to as many members as possible to ask for clarification. I expressed the view that we might limit the members to about fifteen minutes. Some members thought that we ought to allow half an hour. I would like to have the views of the committee. Should we not enforce a ruling of fifteen minutes? That would not prevent members from having a second turn. Some said fifteen minutes would not be enough; but if we start out with half an hour, we could barely have four people per meeting, and I already have eight or ten people on my list who want to ask questions.

Mr. STICK: I propose a compromise, Mr. Chairman, of twenty minutes.

Mr. PEARKES: Is not the length of time governed very much by the length of the answers which are given by the witnesses?

The CHAIRMAN: Yes.

Mr. PEARKES: Would it not be fairer to limit the number of questions rather than the answers?

The CHAIRMAN: That would require us to have an adding machine so that the chairman could check the number of questions. We should reach a certain understanding. I have seen it happen in other committees under my chairmanship. Some people would speak for such a long time that they would get almost the whole of the report of the meeting to their credit. I raise the point in order to give a fair chance to every group represented in the House. I think we should reach an agreement.

Mr. STICK: I move that twenty minutes be allotted to each, Mr. Chairman.

The CHAIRMAN: Is that agreeable? Very well. After fifteen minutes I will give a signal and I will allow another five minutes grace.

Before we adjourned yesterday, Mr. Croll asked for the production of some papers. Perhaps the Hon. Mr. Bonner might have something to say in that connection.

Hon. Mr. BONNER: Thank you, Mr. Chairman. The question which Mr. Croll directed to my attention arose out of the information contained on page 26 of the brief. That page relates to the extent of the passage of information to representatives of the national government in connection with the proposed Kaiser development.

I think the proper point of departure, to meet Mr. Croll's suggestion, for which, incidentally, I am most grateful, is to read into the record the relative paragraph from a letter dated May 21, 1954, directed to General McNaughton by Mr. Sommers.

I take it that the interest which has been displayed in this portion of the brief arises in part, at least, from the testimony given by the Hon. Mr. Lesage at page 245 of the minutes of this committee.

The effect of that testimony is to leave in the minds of those who heard it the suggestion that full information was not available to the national government on this matter.

On the 21st of May, the Hon. Mr. Sommers had this to say to General McNaughton, and this is the third paragraph of that letter. It reads as follows:

Your advices regarding Kaiser Aluminum and Chemical Corporation were most timely. I may say that we had a visit from Messrs. W. A. Dittmer, Norman L. Krey and T. K. McCarthy, representing the corporation, on the 18th instant, when they expressed the corporation's interest in a possible project to effect storage of Arrow Lake waters. The talk was purely exploratory and the corporation's representatives indicated they were thinking in terms of a 28-foot dam with some three million acre feet storage and potential of 360 thousand kilowatts over eight months or 240 thousand kilowatts over twelve months. They intimated that they might be prepared to allocate up to one-third of annual output to British Columbia at cost. Our reaction was that we would certainly anticipate in favour of the province a proportion of output but that British Columbia would be interested in such only on a no-cost basis. After some discussion the corporation's representatives stated that they would wish to review all matters at further length and seek a subsequent interview, at which time they might be prepared to put forth a more concrete proposition. As you are aware, there are many local and potential other aspects which we must consider before entertaining any proposition for a project of this nature and this was made clear to the corporation's representatives in our discussion.

The significance of this letter is to be noted in conjunction with the events of the second and fourth of May, 1954, at which point General McNaughton was in contact with representatives of the Kaiser people by telephone, and by meeting at Montebello, Quebec. The continued meetings between General McNaughton and the Kaiser people were at the express suggestion of the government of the province of British Columbia not merely as a matter of courtesy. The conversations on many subjects which the government had with General McNaughton over a considerable period of time were not confined to the government in office at the present moment. Also, we were anxious that that agency of the government of Canada was fully advised; and on that account the federal government itself received information of what was being proposed and in contemplation in the Arrow Lakes storage.

The next matter which would be of interest to this committee is one which, for the moment, I am at a loss to know how properly to handle.

We received from time to time on what was regarded as a confidential basis certain advice from General McNaughton. I have for example in my hand a letter of General McNaughton's directed to the Hon. Mr. Sommers under the date of June 29th, 1954. That letter was accompanied by copy number 7 of a memorandum dated June 17, 1954 which was published for the information of members of the Canadian section, International Joint Commission, officers of the government of Canada, and of the government of British Columbia; and it relates to the meeting of that committee to which I referred to in the brief.

It is prefaced with a distribution list which I think it would not be improper for me to indicate at this point. The distribution list reads as follows, and these people were present at the meeting:

General A. G. L. McNaughton, Chairman, Canadian Section, International Joint Commission; Mr. Thomas K. McCarthy, Executive and General Council, Kaiser Aluminum and Chemical Corporation, Oakland, California; Mr. Wm. A. Dittmer, Power Manager, Kaiser Aluminum and Chemical Corporation, Spokane, Washington; Colonel H. George Gerdes, Consulting Engineer, Kaiser Engineers; Mr. Norman L. Krey, Manager,

Northwest Operations, Kaiser Aluminum and Chemical Corporation, Spokane, Washington; Mr. R. H. Stokes-Rees, Vice President, Henry J. Kaiser (Company (Canada) Limited; Mr. Sydney W. Taylor, Vice President, Henry J. Kaiser Company (Canada) Limited; Mr. T. M. Patterson, Department of Northern Affairs and National Resources, Ottawa; Dr. John Davis, Department of Trade and Commerce, Ottawa; Mr. G. Green, Department of Trade and Commerce, Ottawa; Mr. Orme Dier, Department of External Affairs, Ottawa; Mr. C. K. Hurst, Engineering Adviser, Canadian Section, International Joint Commission, Ottawa; Mr. J. L. MacCallum, Legal Adviser, Canadian Section, International Joint Commission, Ottawa, Miss E. M. Sutherland, Secretary, Canadian Section, International Joint Commission, Ottawa.

I would like to describe this document by saying that it contains nineteen pages, and it is over the signature of the secretary of the Canadian section of the International Joint Commission, and had a specific distribution to the following people:

Copies 1-2 Chairman, Canadian section, International Joint Commission; Copy No. 3, Mr. Spence; Copy No. 4, Mr. Dansereau; Copies 5-6, Secretary, Canadian section, International Joint Commission; Copy No. 7, Hon. R. E. Sommers; Copies 8-9 Mr. Patterson (one copy for Mr. Warren); Copy No. 10, Mr. Davis; Copy No. 11, Mr. Dier; Copy No. 12, Mr. Herbert, Interdepartmental Committee on Water Power; Copy No. 13, Major-General H. A. Young; Copy No. 14, Mr. Carl West; Copy No. 15, Mr. R. A. C. Henry; Copy No. 16, Mr. Pelletier (for information Mr. Bryce).

Now, I personally have no objection to this matter being placed in the record of the committee; but quite frankly I think it is a matter into which the committee might properly inquire from General McNaughton's staff in view of the nature of the document and the circumstances under which it has been delivered to us. Nevertheless, it is here, and it is readily obtainable from sources of the Canadian government.

Hon. Mr. LESAGE: What were these papers which were distributed?

Mr. CROLL: It is on page 26 of the brief.

Hon. Mr. LESAGE: This meeting was held on the 17th of June; and I am asking of the date these papers were distributed. That is all.

Hon. Mr. BONNER: The distribution to the province of British Columbia is covered by letter dated June 29, 1954, from General McNaughton to the Hon. Mr. Sommers. Our departmental file indicates receipt of this letter on July, 2, 1954. I presume that the distribution was made at an earlier date in Ottawa, because the date of the meeting which was attended by these people named earlier, was the 17th of June, 1954.

I would only point out that the document contains a very full summary of the points of discussion at that time, and of the affects which I attributed to it in my brief, namely, that the discussion clearly indicated the early possibility of an agreement with the province of British Columbia on Arrow Lake storage.

Hon. Mr. LESAGE: Where does that come up in the brief?

Hon. Mr. BONNER: At page 26.

Hon. Mr. LESAGE: I mean, in that report of the 17th of June?

Mr. FULTON: Mr. Chairman, is it proper for Mr. Bonner to go into details of the contents? He says that this was received under cover of a confidential letter.

The CHAIRMAN: Is this issued by the Joint Commission?

Hon. Mr. BONNER: This memorandum is one which we received from General McNaughton.

The CHAIRMAN: You say it is from General McNaughton.

Hon. Mr. BONNER: That is right.

The CHAIRMAN: I shall have our secretary call General McNaughton and ask if he would send a copy over from his own office, so that we may have it on the record.

Mr. GREEN: Perhaps the minister has a copy with him.

The CHAIRMAN: It is not the minister who issued it and he cannot speak for General McNaughton. We might leave that point open for a little while and get in touch with General McNaughton.

Hon. Mr. BONNER: Mr. Croll's next question involved a reference to correspondence which passed between General McNaughton and Mr. Thomas K. McCarthy of the Kaiser Aluminum Corporation under date of July 12 and July 22 of 1954.

I am holding copies of the correspondence forwarded to the Hon. Mr. Sommers of our government, I presume, by General McNaughton's department. I did not bring our complete files down. I have kept copies with me because I anticipated that there would be some interest in this matter. In any event, the copy bears the date of the 22nd of July, 1954.

Mr. CROLL: I think you said the 12th of July in your brief.

Hon. Mr. LESAGE: And it is addressed to whom?

Hon. Mr. BONNER: Just a minute. The first letter I have is a letter of July 12, 1954, which is written by Thomas K. McCarthy. A carbon copy of it was received by the Hon. Mr. Sommers. This letter reads as follows:

Kaiser Aluminum & Chemical Corporation, Oakland, California.

July 12, 1954.

General A. G. L. McNaughton,
Chairman, Canadian Section
Joint International Commission,
Justice Building,
Ottawa, Canada.

Re: Kaiser Aluminum & Chemical Corporation—
Arrow Lakes Development

Dear General McNaughton:

This will confirm the discussions held in your office on June 17, 1954, respecting the proposed Arrow lakes development by a Canadian corporation to be organized by Kaiser Aluminum and Chemical Corporation.

Kaiser Aluminum and Chemical Corporation has been making an extensive investigation of a number of potential sources of electric power in the Pacific northwest, and is particularly interested in the possible development of Arrow lakes, on the Columbia river, in British Columbia as a source of water storage for downstream generation.

A short time ago the company requested Kaiser engineers to make a preliminary survey of possible sites along a ten-mile stretch of the Columbia river, along what is sometimes termed Castlegar Narrows, for the purpose of determining whether there appeared to be a feasible dam site and to estimate the cost of proceeding further with the engineering work. This report has indicated that there is a sufficient basis to justify drilling and other detailed engineering surveys which would be necessary to complete the plans for a dam.

The company proposes to construct a low-level dam to create approximately 3,300,000 acre feet of storage for downstream generation. The water thus stored would be released during appropriate periods of the year, and would create about 350,000 horsepower on a year-around basis from downstream projects now existing and under construction. As further projects on the Columbia river are built, the amount of generation resulting from the water stored would increase and eventually approximate 500,000 horsepower.

The plans contemplated would not raise the level of the lake above high water levels. The dam, therefore, would not flood or otherwise injure existing communities along Arrow lakes, although some alterations to dock structures and landings along the lake would undoubtedly be required. The level of Arrow lakes is governed by Tin Cup rapids, which is below any site we have considered for the dam and in effect during periods of high water the dam would be 'floating' in the backwaters from Tin Cup rapids. Our plans contemplate lowering the river bed in Tin Cup rapids by approximately two feet. This would not only add to the water storage in the lake but during high water stages would reduce the water level in the lake itself and would be particularly helpful by reducing the water level in the Castlegar area.

As discussed in some detail at our meeting, we believe that the construction of the Arrow lakes project would not interfere with other developments in the Columbia river basin and would fit in with, and be entirely consistent with, any potential plans for other hydro-electric projects which may be developed in Canada. In our discussions we particularly referred to the fact that we believe that the Arrow lakes project would be entirely consistent with the proposed Mica creek development. It is our belief and hope that this project should be able to proceed in the near future so that this important resource can be made available to meet urgent requirements for power which now exist.

As the first step in the development of this project it will be necessary for us to obtain a licence from the British Columbia government to construct the dam, and until some agreement is reached with the British Columbia government, we would not be justified in making the necessary substantial expenditures that will be required for further engineering work on this project. Accordingly, we have been discussing this matter with British Columbia officials, particularly the Honourable Robert E. Sommers, Minister of Lands and Forests, and members of his staff. While our negotiations with the British Columbia government have not been concluded, they have been based on the premise that a portion of the power available from the Arrow lakes storage will be made available to British Columbia.

Preliminary discussions have also been held with Boneville Power Administration with respect to arrangements for the generation of power resulting from release of the stored water, and members of the United States section of the International Joint Commission have been informally advised of our plans.

We understand that, pursuant to the Columbia River Reference (Agreement of February 25, 1944, between the governments of the United States and Canada), the International Joint Commission is making a survey of the Upper Columbia river basin from the points of view of navigation, power development, irrigation, flood control, and other beneficial public uses and purposes.

The successful completion of this project will involve appropriate action by various branches of the British Columbia, Canadian and United States governments, and we believe, therefore, that the most appropriate

method of procedure in this case will be for us to complete our negotiations with the British Columbia government for a licence for the dam and to make arrangements with appropriate agencies in the United States for the generation of the power, so that we will then have a definite and complete program for this project for the information of the International Joint Commission.

Perhaps I should observe at this point that the government of British Columbia did not concur in the view that a license should be granted. A license has not been granted. A license will be granted only under certain conditions which are contemplated by the memorandum of September 17 provided those conditions were carried into effect.

Among those conditions would be the formation of a Canadian company which would be in a position to make an application; and it followed under our law, and it is indicated by the public statement of the minister, that very extensive hearings would have to be held by our comptroller of water rights for the purpose of hearing all possible objections to the project including those of the national government, before the province of British Columbia would be in a position to proceed to the realization of the project which is contemplated by the agreement of the 17th of September. That agreement is a memorandum of intent. It indicates certain minimum understandings at this point. It places no obligation on either party, although there is an obligation upon Kaiser to undertake certain engineering projects for the examination and the feasibility of this project under development, and of their forfeiting a certain sum of money if they do not proceed within a certain time.

The effect of the document is quite a different one, if I may so observe, than that which has been placed upon it by others who have dealt with this matter.

I would like now to continue with the letter. It would appear that questions of navigation and other aspects of the project which pertain particularly to the engineering features of the dam could best be resolved after more specific plans have been made.

We are sending, under separate cover, copies of a preliminary report prepared for us by Kaiser engineers, which contains more detailed information with respect to this project than is set forth in this letter. The purpose of this report was to indicate primarily the general feasibility of the project for the purpose of determining whether it would be worth while to pursue the matter further. Specific details and estimates of costs made at this time are subject to substantial change. We do not consider, therefore, that detailed cost estimates are significant at this time and have not included them in the report. For the purpose of determining the feasibility of the project, we are using an assumed cost of \$30,000,000. However, this figure could vary substantially one way or the other.

I am sure that you will understand that this report was prepared for the use of the company for the purpose of assisting it in determining whether it should continue its interest in this project and that, since at this time we have no exclusive licence for the project, we do not wish to make this report public. We felt, however, that it did contain information which would be helpful to the commission and its staff.

We will keep you fully advised of further developments as they occur. We are confident that this project is most worth while in the proper development of the resources of the Columbia river basin, and

that it will be of mutual and substantial value to power consumers both in Canada and the United States. If there is further information which you desire, please do not hesitate to call on us.

Very truly yours,
Kaiser Aluminum & Chemical Corporation
Thomas K. McCarthy,
Counsel.

Now, a letter in reply to that, which may be made available today to this committee by General McNaughton, is likewise here.

Mr. Low: And it is dated when?

Hon. Mr. BONNER: It is dated in this copy the 22nd of July, 1954.

Mr. FULTON: Is it marked confidential?

Hon. Mr. BONNER: It is not marked in any particular fashion on this copy.

Mr. FULTON: Would it not be in order then for you to read it?

Hon. Mr. BONNER: I have no objection to so doing.

Mr. CROLL: You said that Mr. McCarthy's letter was dated July 22. Could General McNaughton's letter be of the same date?

Hon. Mr. BONNER: July 12 was the date of Mr. McCarthy's letter and that is the letter which I just finished reading. It was from Mr. McCarthy to General McNaughton.

Hon. Mr. LESAGE: Have you finished reading Mr. McCarthy's letter?

Hon. Mr. BONNER: Yes. Now I would like to go on to General McNaughton's letter in reply.

Hon. Mr. LESAGE: Have you finished reading Mr. McCarthy's letter?

Hon. Mr. BONNER: Yes. I said so twice.

Hon. Mr. LESAGE: I have the original letter here and there are a couple of paragraphs in it which you omitted.

Hon. Mr. BONNER: I do not think so.

Hon. Mr. LESAGE: Your last words were: "this figure could vary substantially one way or the other."

Hon. Mr. BONNER: No. You are two paragraphs behind me.

Before leaving Mr. McCarthy's letter I want to point out to the committee that the report which was referred to as having been sent under separate cover is the report of which I now have a copy in my hand.

This report runs into thirty-two numbered pages of information and photographs, and it is accompanied by additional appendices raising the total number of pages to fifty-four.

For example, on page two there is a photograph which shows the town of Castlegar looking west; it indicates the Castlegar Narrows section of the lower Arrow lakes. It shows the head of Tin Cup rapids and all the rest.

I suggest, Mr. Chairman, in view of the impression which has been left with this committee that not too much was known about this project, that it might be of interest to have this report examined by the committee at a future time.

Mr. CROLL: Have you identified the report, and who made it?

Hon. Mr. BONNER: Yes.

The CHAIRMAN: Might it not be given to the committee as an exhibit, but not to be published, because it contains photographs and so on; but left with

the secretary of the committee as an exhibit which could be consulted by members of the committee? (Report tabled and marked Exhibit A)

Hon. Mr. BONNER: I would be happy to do that, and to make this further observation: that the government of Canada, or some agency of it, has already received two copies of this report.

For identification, the report is entitled "Preliminary Report Arrow Lakes Project for Kaiser Aluminum and Chemical Corporation; Report No. 54-31-RE; Job No. 5424; bearing the date June 28, 1954".

This is the only copy which we now have in our possession. If the committee would be satisfied to have a reference to the reports which are on file down here, it would be a great accommodation to us if we might retain this copy of the report.

Hon. Mr. LESAGE: On that point, may I read again a sentence from Mr. McCarthy's letter to General McNaughton:

"We felt, however, that it did contain information which would be helpful to the commission and its staff."

And there is a request that it be kept as confidential. It is an official copy for the commission and its staff. It is not in the hands of the government.

Hon. Mr. BONNER: May I observe in this connection that so far as the province of British Columbia is concerned, and so far as the Kaiser engineers are concerned, it is of no consequence to us whether or not the report remains confidential. That must be a decision of some agency of the government of Canada.

Hon. Mr. LESAGE: Is the Hon. Mr. Bonner speaking for the company? The request to keep it confidential was made by the company . . .

Hon. Mr. BONNER: My instructions are that the company is no longer concerned in whether or not the report is confidential; and you may make whatever use you can of that information.

Hon. Mr. LESAGE: That goes for the Hon. Mr. Bonner, but it does not go for the International Joint Commission.

Hon. Mr. BONNER: I want to make it clear that if this information is not before the committee, it is not our decision that it is not made available.

Mr. CROLL: Who instructed you?

Hon. Mr. BONNER: Mr. Norman L. Krey of Kaiser.

The CHAIRMAN: Might we not get along, and return to it after it has served our purpose and been consulted, before Mr. Bonner leaves Ottawa?

Mr. CROLL: Have you concluded, Mr. Bonner?

Hon. Mr. BONNER: To round out the picture I think I am proper in reading into the record General McNaughton's reply of July 22, unless some objection may be made to it at this point.

Hon. Mr. LESAGE: It is not a confidential letter.

Hon. Mr. BONNER: Not to my knowledge. This purports to be a copy of a letter directed to Mr. McCarthy by General McNaughton bearing date the 22nd of July, 1954 and it reads as follows:

22 July, 1954.

Dear Mr. McCarthy,

On my return to Ottawa from the west coast I have your letter of 12 July, 1954, and also the three copies of the "Preliminary Report on the Arrow Lakes Project" dated 28 June, 1954, for which I am very much obliged.

I note that this report was prepared for your company and that you do not wish it to be made public. In consequence the copies you have sent me will be used only for the confidential information of the International Joint Commission and our advisers, and in all cases those concerned will note that the special information given in this preliminary report, whether as regards engineering details or cost estimates, is to be regarded as subject to substantial change.

However, even with this reservation, the mass of information which the report contains will I am sure prove very useful to an understanding of your proposals and to this end we will of course be very pleased to receive any further information which you may wish to make available from time to time on any aspect of the problem.

There is one matter which I think I should mention, and that is that the project as you have outlined it provides only for the storage of a small part of the flow of the Columbia river. You will know, I think, that the investigations under way under the auspices of the International Joint Commission will seek a solution which will give both a greatly increased storage and also a substantial use of the head which exists from below Revelstoke to the international boundary.

Now that our investigations at Mica have been advanced to a satisfactory point, I have asked that investigations at various possible dam sites between the Arrow lakes and the international boundary be resumed and pressed to a conclusion as early as practicable. I hope in consequence that we may have the engineering reports on these other sites before the commission when your project reaches the International Joint Commission for formal consideration.

In view of the terms of the Statements in Response which have been given by the governments of British Columbia and Canada in the matter of the United States application for authority to build a dam at Libby, Montana, it seems that the general plans for the Columbia will require a most careful review by the commission in the course of the Libby hearings. It is also evident that at these hearings close attention will need to be given to the principles of downstream benefits and recompense in power which have been enunciated by the governments of Canada and British Columbia, and accordingly we will be particularly interested in the results of your consideration of these matters.

I am sending a copy of this letter to the Honourable R. E. Sommers so that he may be kept fully informed; also to Mr. Stokes-Rees, vice-president of your Canadian company, for his convenience of reference should the occasion require.

Yours sincerely,

A. G. L. McNaughton,
Chairman, Canadian Section
International Joint Commission.

P.S. In case you have not received the Canadian and British Columbia Statements in Response to the Libby application, I enclose one copy of each for your information; I will also send you a copy of the United States Statement in Reply when it is received.

A. McN.

Now, the point that is of interest to this committee in the light of the impression which some might have received heretofore is that this correspondence and information was in the hands of Water Resources, External Affairs,

the Department of Commerce, and others who are indicated on the distribution sheet of the confidential memorandum which still remains to be cleared. That I think is a logical inference to be drawn from the fact of these things have gone in. I can only conclude in reply to Mr. Croll, Mr. Chairman, by stating that in our view the appropriate agency of the national government was kept fully advised at our suggestion and out of courtesy to General McNaughton in view of our past relationship with him of the trend of events which surrounded the proposal affecting Arrow lakes storage, and further that information will continue to be so made available as this matter progresses from time to time.

Mr. CROLL: Mr. Chairman, Mr. Croll is just starting now.

Hon. Mr. BONNER: I understood I was disposing of your first question.

Mr. CROLL: No, no.

Hon. Mr. BONNER: Your question was on record from last night, sir.

The CHAIRMAN: It was last night's request for production of papers. There was another request from Mr. Byrne for production of papers. It was the copy of the agreement.

Hon. Mr. BONNER: The copy of the agreement of September 17, 1954, which was amended by an agreement of January 14, 1955, is, according to my advice, in the hands of the committee at this time. It was indicated in our brief that those would be made available and I understand that that has been done.

Mr. CROLL: I was glad to hear you refer to the document of September 17 as a copy of the agreement. Previously when you referred to it was as an interim agreement.

Hon. Mr. BONNER: It is an interim agreement in my view. My opinion of its effect is in the brief, the effect of the document is not to be altered by a comment to that effect.

Mr. CROLL: In his letter of July 22, Genneral McNaughton to Mr. McCarthy of which Mr. Sommers received a copy, has this to say:

"I hope in consequence we may have the engineering reports on these other sites"—meaning the Arrow lakes project—"before the commission when your project reaches the International Joint Commission for formal consideration." At that time I gathered from that letter that he indicated to the government of British Columbia that there was federal interest in the Arrow lakes project, and that it would come before the commission. Is that a normal inference to take from that?

Hon. Mr. BONNER: I will be surprised if the federal government did not have an interest in every water project in Canada.

Mr. CROLL: We are talking about this particular project which is under construction at this particular time. The letter of July 22 says in effect:

"Thank you for the information. We will give it consideration and study when it comes before the International Joint Commission."

Is not that what it says it is?

Hon. Mr. BONNER: It would appear proper to infer from the introduction of Bill No. 3 that this matter did not come before the International Joint Commission.

Mr. CROLL: But, Mr. Bonner, did not General McNaughton assume that it would follow the normal procedure and that the matter would be placed before the International Joint Commission, but because of the precipitus action it was necessary to introduce Bill No. 3.

Hon. Mr. BONNER: I think, Mr. Croll, that you will be fair enough not to ask me to assume anything which may have been in General McNaughton's mind.

Mr. CROLL: I am using his words and you quoted them.

Hon. Mr. BONNER: You asked me what was in his mind and I do not know that.

Mr. CROLL: Does that letter indicate that there was an assumption from the words of it that the matter would come before the International Joint Commission?

Hon. Mr. BONNER: I do not know what was in General McNaughton's mind.

Mr. CROLL: Or anyone else who read it. Mr. Sommers, I assume, read the letter. He received a copy of it, and did not General McNaughton indicate in that letter that he assumed the matter would come before the International Joint Commission?

Hon. Mr. BONNER: I am not aware that the International Joint Commission would be primarily concerned with passing on this project.

Mr. CROLL: Mr. McCarthy, I gather from reading his letter of July 12, seems to have misunderstood the contract in at least one respect when he made reference to a water licence.

Hon. Mr. BONNER: No. I do not think Mr. McCarthy misunderstood that. You may have misunderstood what Mr. McCarthy had in mind, sir.

Mr. CROLL: But you corrected Mr. McCarthy in the course of giving evidence.

Hon. Mr. BONNER: No. I interposed the remark "no water licence has been granted", and none is under application.

Mr. CROLL: What were Mr. McCarthy's words with respect to that?

Hon. Mr. BONNER: I take it you refer to the bottom of page 2 where it states:

"As the first step in the development of this project it will be necessary for us to obtain a licence from the British Columbia government to construct the dam."

I think the record will show at that point I made an interposition.

Mr. CROLL: That none had yet been granted.

Hon. Mr. BONNER: Yes, and that I did not concur that that was the first step. You see, that letter was a letter of July 12. What we considered to be the first step was that certain understandings be recorded and these have been recorded in the memorandum of September 17, 1954, as amended by January 14, 1955.

Mr. CROLL: Is it correct to say that the Kaiser negotiations opened some time in November of 1953? Is that about correct?

Hon. Mr. BONNER: I am not sure of the date.

Mr. CROLL: Sometime in late 1953. I do not care about the particular day.

Hon. Mr. BONNER: Frankly I do not have that information in my head.

Mr. CROLL: In any event you have the minister in whose department this particular project lies. Are we to assume then that the only information which came from the British Columbia government to General McNaughton came by way of the letter of May 28, that is, pertaining to the particular project?

Hon. Mr. BONNER: I know of no letter of May 28.

Mr. CROLL: You read a letter.

Hon. Mr. BONNER: Of May 21.

Mr. CROLL: May 21. That is correct.

Hon. Mr. BONNER: My advice is that there was a verbal discussion between General McNaughton and the Minister of Lands of the province of British Columbia in the first week of November of 1953 on that subject. The letter of May 21 would be another evidence of information which went to General McNaughton in this connection.

Mr. CROLL: The original discussion was in November of 1953 and the next information received directly from the Honourable Mr. Sommers—I am referring to the British Columbia government—was on May 21, 1954. Is that correct?

Hon. Mr. BONNER: That is my understanding of the situation. The previous meeting of the second and fourth of May would interpose, but came about as a result of the suggestions made by the British Columbia government that the appropriate agency of the national government be placed in the picture and kept in the picture.

Mr. CROLL: That is the point we are getting at now. Mr. Sommers advised the Kaiser Company that there was a federal interest in this project and consequently they came to see General McNaughton who sent Mr. Sommers the substance of the conversation which took place with the Kaiser people on the dates you mention, May 2, May 4, May 7, and June 17. Is that correct?

Hon. Mr. BONNER: I presume you have the evidence of those remarks.

Mr. CROLL: No. I am doing it from your notes on page 26. I am talking about May 24 and June 17.

Hon. Mr. BONNER: That is right.

Mr. CROLL: Is that the substance of those conversations which were forwarded to Mr. Sommers?

Hon. Mr. BONNER: That is right.

Mr. CROLL: That is what you told us?

Hon. Mr. BONNER: Yes. The brief speaks for itself.

Mr. CROLL: Then the next thing that happened was that there was a letter from Mr. McCarthy of July 12 who was counsel for the Kaiser Company. You read that into the record. The next thing was a letter from Mr. Sommers to General McNaughton on May 21. You have already referred to that.

Hon. Mr. BONNER: You are not indicating their chronological sequence in your remarks?

Mr. CROLL: Yes.

Hon. Mr. BONNER: The letter May 21 is obviously before the one of July.

Mr. CROLL: I am coming back. Then came McCarthy's letter of July 12 to General McNaughton. I have got that in sequence. And then there was a reply on July 22 to which you had reference.

Hon. Mr. BONNER: Yes.

Mr. CROLL: That is correct, is it not?

Hon. Mr. BONNER: That is what the brief says.

Mr. CROLL: From then on nothing happened or there was a great silence and the next thing that happened was the wire from Mr. Sommers to General McNaughton advising him that the contract of December 17 had been signed.

Hon. Mr. BONNER: Well, that is not entirely correct.

Mr. CROLL: Then correct me.

Hon. Mr. BONNER: As a matter of fact once again we get into the realm of these confidential memoranda. I simply dealt with the matters up to the time of the signing of the agreement. There is, I understand, a memorandum of the 17 of September of 1954.

Mr. CROLL: That is the date on which the contract was signed?

Hon. Mr. BONNER: Yes.

Mr. CROLL: I brought you down to that.

Hon. Mr. BONNER: Issued over the authority of the engineering advisor of the Canadian section of the International Joint Commission. I have here only a copy. It is copy No. 13 which I brought from Victoria. The signatory, if the typewriting is correct, will be C. K. Hurst. There was apparently a meeting with Mr. R. Stokes-Rees and Mr. Sidney Taylor and General McNaughton on that date with this subject in mind.

Mr. CROLL: I am told that these gentlemen were in General McNaughton's office by arrangement at that time when the wire arrived. I am now at the time of the wire on September 17. We are at this point that the last communication from Mr. Sommers to General McNaughton was on May 21 and the next communication 3½ months later on September 17 was the wire advising that the contract had been signed.

Hon. Mr. LESAGE: Was about to be signed.

Mr. CROLL: I have not seen the wire.

Hon. Mr. BONNER: I think the wire was read into the proceedings, in the House.

Mr. CROLL: Actually it was signed on the 17th, and I think if I recall the record correctly I think he said it was about to be signed. General McNaughton sent back a wire saying he advised against it, and Mr. Sommers then sent a wire on the 18th advising that it had been signed on the 17th. Is that correct?

Hon. Mr. BONNER: That is factual.

Mr. CROLL: Now, with respect to the studies that were being made in the Columbia basin, was the British Columbia government kept informed of these studies or were copies of the studies sent to them?

Hon. Mr. BONNER: References on the extent of the liaison I think are covered in parts of the brief.

Mr. CROLL: I have read the brief very carefully. For that reason I asked the question. Were these studies forwarded to the British Columbia Government?

Hon. Mr. BONNER: Which studies?

Mr. CROLL: Studies made on the Columbia basin.

Hon. Mr. BONNER: Do you mean the Kootenay diversion, for example?

Mr. CROLL: The whole Columbia basin including all the projects they had in mind; the overall project.

Hon. Mr. BONNER: On the Kootenay diversion, my understanding is that the first advice which we received was when the report of the department was handed to us.

Mr. CROLL: The investigations being conducted, were they receiving copies of them from General McNaughton?

Hon. Mr. BONNER: We received no copies as it went along. That is my information.

Mr. CROLL: What do you mean, as it went along?

Hon. Mr. BONNER: As these various projects were going along my instructions are that we were not in receipt of interim copies or advice.

Mr. CROLL: Did they come to you at any other time in the ordinary course of the studies?

Hon. Mr. BONNER: The classic example in this connection is with the Kootenay diversion situation which I think I made specific reference to in the brief. That is the matter of prime importance to the province of British Columbia quite apart from what interest the government may have in it. The fact is that the announcement affecting this diversion I think was made in the press three days before the government had a copy of it.

Mr. CROLL: Mr. Bonner, you can either answer it or not, but I am asking the question. As a matter of fact I am told that a British Columbia government representative or a British Columbia man was there while these investigations were going on.

Hon. Mr. BONNER: Which man was that?

Mr. CROLL: I do not know which man.

Hon. Mr. BONNER: I think I would be interested to know.

Mr. CROLL: Is that so or not?

Hon. Mr. BONNER: My advice is that it is not so.

Mr. CROLL: What is your advice about having received copies of the investigations as they were in due course?

Hon. Mr. BONNER: Would you please read that question?

The REPORTER (Reading question): What is your advice about having received copies of the investigations as they were in due course?

Hon. Mr. BONNER: My advice is that we received the finished product not interim reports of the investigations as they were in progress.

Mr. CROLL: You did receive the finished product?

Hon. Mr. BONNER: Yes, but not progress reports on these projects.

Mr. CROLL: When was that received?

Hon. Mr. BONNER: What are you talking about?

Mr. CROLL: The investigations that were being proceeded with?

Hon. Mr. BONNER: What investigations?

Mr. CROLL: By the International Joint Commission in the province of British Columbia?

Hon. Mr. BONNER: Which one?

Mr. CROLL: Any one of them.

Hon. Mr. BONNER: My advice is that we were not advised as these reports were progressing but that we received a finished report as was the case with the alternative development of the Kootenay in Canada which is a report of the benefits to Canada of diverting part of the Kootenay river flowing into the Columbia river, by W. C. Warren, district engineer, in March 1954. Our concern in the matter is that we were not sufficiently advised. In fact, I do not think we are advised of what reports are in being. We got a finished report such as this one and at that point it was for all practical purposes a fait accompli and the views which we might properly assert in connection with such a report do not find their place in it. That was the basis for the remarks which were contained in the brief on the nature of the federal-provincial planning.

Mr. CROLL: I am told that General McNaughton had indicated in those documents—I have not seen them—of May 2, May 4, and other information that went to the British Columbia government from time to time, these objections to the scheme.

Hon. Mr. BONNER: What objections?

Mr. CROLL: That the Arrow lake project had to fit into the overall scheme and that there were matters of federal jurisdiction which were involved and which the Kaiser people recognized. And he also informed the British Columbia government that the Kaiser proposal in its present form was a noose around the neck of the government strangling the crescendo of industrial potential in British Columbia.

Hon. Mr. BONNER: I think that in fairness you should produce that document.

Mr. CROLL: I did not say that he had written. I said that he had informed and that the information contained in the May 2, May 4, and June 17 letters bear out a great portion of that.

Hon. Mr. BONNER: I think you are not asserting a proper inference by the remarks which you have just made.

Mr. CROLL: Let us examine them one by one.

Hon. Mr. BONNER: I am not going to examine them one by one unless we have before us the memorandum of the 4th of May to which you make reference.

Mr. CROLL: I made reference to the 2nd and 4th and to the notice of the 17th and others. Let us examine them for a minute.

Hon. Mr. BONNER: I want it made very clear that you say you have not seen these documents.

Mr. CROLL: No.

Hon. Mr. BONNER: Then the conclusions you are placing upon them are not of much value.

Mr. CROLL: I am told that.

Hon. Mr. BONNER: Will you tell me by whom?

Mr. CROLL: You are the witness for the moment. Whenever we change places you will have an opportunity.

Hon. Mr. BONNER: You are trying to place me in a position of commenting upon documents which are not before the committee. You and I know from our professional behaviour that is not the thing to do.

Mr. CROLL: Let us deal with them.

Hon. Mr. BONNER: No. I will not proceed to deal with the memoranda unless they are before the committee. I think I am proper in that insistence.

Mr. CROLL: Have you got the memorandum where General McNaughton said that the Arrow lakes project had to fit in the overall scheme?

Hon. Mr. BONNER: You are asking me personally?

Mr. CROLL: You represent the government. If you do not have it see if someone else has.

Hon. Mr. BONNER: That is a question which relates to the contents of memoranda which are not before the committee.

Mr. CROLL: I am asking you the question if the government had been informed that the Arrow lakes project had to fit into the overall scheme. Forget the memoranda.

Hon. Mr. BONNER: We cannot. You have just referred to them as a basis for your question.

Mr. CROLL: I said that I did not see the memoranda.

Hon. Mr. BONNER: Then why do you ask a question based on those memoranda?

Mr. CROLL: I am informed that you were so told. Were you or were you not?

Hon. Mr. BONNER: In what document was the information contained?

Mr. CROLL: In no document.

Hon. Mr. BONNER: Then if there was no document how could we be informed?

Mr. CROLL: Were you not informed?

Hon. Mr. BONNER: I would ask Mr. Chairman that the proper way to approach this question is to place the memoranda before the committee, and although Mr. Lesage may object to that, that is the way the matter can be construed because the documents will speak for themselves.

Hon. Mr. LESAGE: My name has been referred to. I understood that Mr. Croll's question was a general question addressed to you as representatives of the government—were you advised in any form whatsoever verbally or by letter or by memorandum that the Kaiser dam had to fit into the overall plan. That was the question. It is a simple one.

Hon. Mr. BONNER: In fact it is so simple that I think it can be best answered by producing the memorandum to the committee.

The CHAIRMAN: The question arises out of the brief. Mr. Bonner read a brief. Now, Mr. Croll is asking a question which does not particularly refer to one document or another. It is an open question and it remains for the witness to say yes or no. He or one of his officials can say he has or he has not received it or that they do not care to answer the question.

Hon. Mr. BONNER: I want my position to be very clearly understood by the committee. I am saying that the answer to that question is contained in these memoranda and I suggest that the original memoranda be here. That is the only basis on which you can say an observation or an answer has to be made.

Hon. Mr. LESAGE: I am authorized to say that General McNaughton would not have any objection to the production of these memoranda, but I will have to secure copies.

Hon. Mr. BONNER: The copies can in any event be produced by General McNaughton within his discretion.

Hon. Mr. LESAGE: I am especially referring now to the memorandum of June 17.

Mr. CROLL: It is page 26 of the brief.

Hon. Mr. LESAGE: There is one dated May 3.

Mr. CROLL: It is May 4.

Hon. Mr. LESAGE: It is about a conversation which took place on May 2 but the memorandum is dated May 3 and signed by General McNaughton. Four copies of this memorandum of May 3 were sent to Mr. Sommers; and there is also one of September 17 about a conversation which took place with the Canadian representatives of the Kaiser Aluminum Company here in Ottawa on the deal that was being signed at Lake Louise.

Hon. Mr. BONNER: Perhaps the appropriate designation would be "The Interim Agreement".

Hon. Mr. LESAGE: "Interim agreement"; Mr. Sommers use the word "Deal" so much in his radio talks!

Hon. Mr. BONNER: It has been less delicately described elsewhere.

The CHAIRMAN: We have had the questions and we have had the answers. It is up to the committee when they study the matter to reach a conclusion on the basis of the questions and answers given. We cannot force the witness to answer any more.

Mr. CROLL: Mr. Bonner said in answer to the question that it is contained in the memorandum. I shall leave it at that for the moment and go to page 11.

Hon. Mr. LESAGE: This memorandum will be included in the record.

Mr. CROLL: So I understand.

Hon. Mr. BONNER: I am not putting any memorandum in.

Hon. Mr. LESAGE: You said you had no objection to its inclusion.

Mr. BYRNE: I move that it be made a part of the record.

Hon. Mr. BONNER: I have no objection. It is up to the National government.

Hon. Mr. LESAGE: No, it is not up to the national government. It is up to the International Joint Commission, which is quite a different thing.

The CHAIRMAN: As soon as we get copies it will be made available to members.

Mr. FULTON: Could they be read now? Further questions will be based on them. Are they too long to be read now?

Hon. Mr. LESAGE: One is very long, but the others are not too long. I could read an excerpt from one, or the chairman could, or the witness could.

Hon. Mr. BONNER: I think in fairness that if any reference to the document is to be made, it should be made in its entirety.

The CHAIRMAN: Does the minister think that he can produce the documents this afternoon?

Hon. Mr. LESAGE: I believe they can be produced this afternoon.

The CHAIRMAN: They could be printed as an appendix to the report. If they are produced this afternoon could they be read, or would it take too long to read them? Shall we carry on with the questions?

Hon. Mr. LESAGE: The Hon. Mr. Bonner has copies, and also the Hon. Mr. Sommers, because, as I mentioned, copies of all these memoranda were sent to them.

Mr. CANNON: Could not Mr. Bonner use his copy, now that it has been decided that they are to be put before the committee?

Hon. Mr. BONNER: If you have not got a copy of the memorandum, how can you base questions on it? I have said that the memorandum itself is the answer to the questions. The answer, if there is one, is contained in the memorandum.

Mr. CROLL: I said that I had not seen the memorandum and I do not know what is in it. I asked you if that was not the purport of the memorandum. I asked you three questions and you said the answer to them was in the memorandum.

Hon. Mr. BONNER: I have avoided placing any construction on the words in the memoranda. You said that the memoranda contained warnings or suggestions of policy. Your view of what the memoranda say and my view of them conceivably would be different. I place no gloss at all upon it. I simply say that the memoranda are there.

Mr. CROLL: Let us forget about the memorandum entirely for the moment. I asked you this question: if General McNaughton had conveyed to your government the information that the Arrow Lakes project had to fit into the overall scheme of water and hydro development in British Columbia and the Columbia basin?

Hon. Mr. BONNER: I think it follows that it would have to fit in.

Mr. CROLL: And did he also convey to you that there were matters of federal jurisdiction involved, and that consequently you sent the Kaiser people to see him in order to discuss it?

Hon. Mr. BONNER: The matter of jurisdiction is one which has not yet been fully explored in this situation, sir. The Navigable Waters Protection Act is a matter of federal jurisdiction which was very obviously a factor to be considered here.

Mr. CROLL: The Kaiser people were interested in one thing only, the Arrow Lakes project.

Hon. Mr. BONNER: The Arrow Lakes is a navigable water.

Mr. CROLL: Quite so. You say that they came to see General McNaughton to discuss matters of navigable waters and not matters which directly affected the Arrow Lakes?

Hon. Mr. BONNER: I think we had better wait for the memorandum. I think we are getting a little far afield.

Mr. CROLL: I am not talking about the memorandum.

Hon. Mr. BONNER: The federal government's interest in the Columbia, to explore that point, is in connection with the 1944 reference in which certain studies were undertaken. Their further interest would be as a result of the jurisdiction contained in the Navigable Waters Protection Act. Beyond that we get into a sort of 'no man's land' of jurisdiction.

Mr. CROLL: I shall not discuss jurisdiction with you. You may be right or you may be wrong. Someone else will have to decide that. But the Kaiser people who were interested in this project had, on the suggestion of the appropriate minister, gone to see General McNaughton because, as I understand it, there were matters of federal jurisdiction. Perhaps they were not clear, but there were matters of federal jurisdiction.

Hon. Mr. BONNER: It was engineering concern as a result of these studies.

Mr. CROLL: They went to obtain information from engineering studies?

Hon. Mr. BONNER: I say that the federal government's interest would be based on the engineering studies which were in progress. That would be one reason for the co-operation which existed between the two governments, that the Kaiser people should go to General McNaughton and advise him of their interest.

Mr. CROLL: Do you say that was the purpose and the only purpose of their consultation with General McNaughton, and that matters of jurisdiction were not discussed by the Kaiser people with General McNaughton?

Hon. Mr. BONNER: The memorandum will show what was discussed.

Mr. CROLL: I do not know what is in the memorandum.

Hon. Mr. BONNER: The navigable waters feature was discussed, to be specific.

Mr. CROLL: Was not the federal jurisdiction with respect to the Arrow Lakes project discussed with him?

Hon. Mr. BONNER: Jurisdiction based on what?

Mr. CROLL: On the possible undertaking of this project.

Hon. Mr. BONNER: You mean jurisdiction arising from the constitution?

Mr. CROLL: The question of jurisdiction.

Hon. Mr. BONNER: I must be precise. What jurisdiction are we talking about?

Mr. CROLL: We are talking about federal jurisdiction with respect to this particular project, and whether they are constitutional. They cannot be any other way.

Hon. Mr. BONNER: I am not aware that the federal government has asserted such a constitutional position on this matter. It has a concern based on the Navigable Water Protection Act, and on certain studies which are in progress; but the only broad constitutional jurisdiction is one which apparently is contemplated by the bill which is now under discussion.

The CHAIRMAN: Now, gentlemen, I think we are getting a bit far away from the first trend of the discussion. Could we not postpone continuing with this part of the questioning until we have the documents produced?

Mr. CROLL: Very well.

The CHAIRMAN: In the meantime, I have tried to apply the rule. I will give a few minutes to Mr. Green, if he wishes to start now. Then we can revert back this afternoon once the documents are produced.

Mr. GREEN: This line of cross-examination, and a lot of the evidence which we have just heard in the last very long fifteen or twenty minutes points up clearly the importance of the approach to this whole question to British Columbians, and it is this: that I believe that both governments are sincere in the beliefs which they hold about the development of the Columbia river system; but I am absolutely certain that that system is never going to be developed adequately unless the two governments co-operate.

The sittings of this committee I hope will bring about the result of the two governments stopping their fighting and beginning to work out some scheme which will be to the benefit of British Columbia as well as to the benefit of Canada. It is perfectly obvious that if that is not done, nobody is going to receive much benefit.

I would like to ask a few questions in that regard. Do you think it is correct that this system can only be developed by co-operation between the two governments?

Hon. Mr. BONNER: I would say that co-operation is the basis of the development of the Columbia. The co-operative efforts of the federal and provincial governments in all matters—save only this Kaiser project—I think are working to the advantage of the province. I am not aware that the agreement indicating interim conclusions entered into on the 17th of September of last year in any way interferes with the possibility of optimum and maximum co-operation between the two governments. Because, arising out of Mr. Croll's very proper interest in the federal government's jurisdiction—although he did not define it in this matter—there is no jurisdictional matter endangered by the agreement. In fact, in the opinions which I expressed, as to the effect of the agreement, there is now a specific opportunity for the sort of co-operation which I am sure everyone wants to see in connection with this and with other projects of the Columbia.

Mr. GREEN: I do not propose to follow up with questions in regard to the Kaiser dam project. But what about the Mica Creek project? General McNaughton told us a few weeks ago that it was now thought that the investigations had reached a stage where it was possible to proceed with the Mica Creek project. He told us that he estimated the cost was \$192 million for the dam and the reservoir, and \$55 million for the power plant, making a total of \$247 million. The figure was reduced from the estimate which he gave this committee last year which was \$425 million.

In your brief on page 30 I find these words:

I think the time is at hand when we should concert our best efforts at the federal and provincial level to ensure no further delay in the development of certain feasible and desirable projects on the Columbia.

I have two in mind—the Mica dam and Arrow Lakes storage, which properly go together.

May I take it from that statement in your brief that your government agrees that the Mica Creek project could go ahead now?

Hon. Mr. BONNER: My information is that the technical evidence would permit that project to go ahead. I am speaking only of technical matters be-

cause there are economic factors in relation to the development of large scale power which would have to be taken into account as well. And in that connection the active co-operation of the federal government with the province would be required because the economics of the situation are that the Mica Creek development can go forward only if you have users of the power which it can produce. But if you have no users of the electricity, then the investment would stand idle for a considerable period.

The thing which the economy of British Columbia is best suited to do is the production of metals of strategic consequence or the production of articles related to our basic wood economy. The success of ventures of that sort depends in a very large measure on the ability of the product to enter the American market, quite apart from any other market which may be available, the near at hand market and the obvious one would be the American market, in that connection.

Mr. GREEN: You mean for finished products?

Hon. Mr. BONNER: I mean for basic metals primarily refined.

Mr. GREEN: You are not referring to power entering the United States?

Hon. Mr. BONNER: You can hardly consider power without considering the use to which it must be put.

Mr. GREEN: That is right.

Hon. Mr. BONNER: One of the difficulties with hydro development is getting industry into the province and at the same time getting a market and customers for the power which we have. That is the problem in connection with the Frobisher development in the northwest corner of the province, and it will be the same problem with a development along the Columbia or anywhere else in British Columbia.

Mr. GREEN: It was that angle to which I was referring particularly, and I want to get your views or those of your government as to the method by which this project could become a fact. Take for example the British Columbia Power Commission which is a provincial government body. Could it undertake this Mica creek project alone?

Hon. Mr. BONNER: There is no doubt that the British Columbia Power Commission would be a proper agency to undertake that development. I would not say it would be proper to the exclusion of other agencies, but that would certainly be an area in which the British Columbia Power Commission could interest itself, and to my knowledge they are very interested in the development of the Columbia at the present time. It was in that connection that I expressed our great concern over the effects of the bill which, in our view, could rule the British Columbia Power Commission off the Columbia.

Mr. GREEN: Would the British Columbia Power Commission be in a position to undertake a project of that magnitude alone?

Hon. Mr. BONNER: I believe the British Columbia Power Commission could undertake such a project, given sufficient users of power. It is a project of the first magnitude and actually I think it would be very properly a project in which a combined investment program such as is indicated for the conference of premiers this fall could take under advisement.

Mr. GREEN: You are referring to paragraph 2 of the statement made yesterday, which outlined the desirability of considering public investment and natural resources development.

Hon. Mr. BONNER: This would be a project which might very properly be discussed under that heading.

Mr. GREEN: Some of us have been suggesting that there should be a Columbia river authority set up in which the Dominion and the province would both share. What would be the reaction of your government to a plan of that kind?

Hon. Mr. BONNER: I do not think I am free to make a statement on that subject because the matter has not been presented to us by the government of Canada up to now. I am sure we would examine it objectively and with interest.

Mr. GREEN: You mentioned something in your evidence yesterday about a joint investment. I understood you to be advocating that there should be a joint investment to develop a project of this kind. What did you have in mind when you used those words?

Hon. Mr. BONNER: A joint investment would take the form of either direct federal financial participation in the scheme, or the provision of certain money to the British Columbia Power Commission simply for the development of that portion of Canada's natural resources.

Mr. GREEN: You mean that the Dominion should advance it?

Hon. Mr. BONNER: Yes, it could, or it could take the form of an especially low interest-bearing type of loan. As to what would be the appropriate nature of such an advancement I would not like to suggest at this point.

Mr. GREEN: Could this Mica creek project be handled by any other Canadian power companies? Are any of them interested in it?

Hon. Mr. BONNER: There is an interest being expressed by one Canadian corporation in the Mica creek development.

Mr. GREEN: Which one is that?

Hon. Mr. BONNER: I cannot elaborate, when I make that suggestion, but it is a fact.

Mr. GREEN: There is another suggestion in your brief which I would like you to explain. On page 30 following what I read a few moments ago, you will find this sentence:

So great would be the combined benefit to the United States of the developments of these projects that it has been suggested that American capital would be literally donated to Canada to ensure these undertakings.

Do you mean by that that the British Columbia government has it in mind that American corporations or the American government should do the Mica creek project?

Hon. Mr. BONNER: No, that is not to be inferred from it, Mr. Green. As I understand it, certain propositions have been discussed in the Pacific Northwest States of which press reports indicate the possibility of an approach being made to the government of British Columbia whereby the money would be literally donated, as I say, to the British Columbia Power Commission or to the government, to ensure that the undertaking of the Mica creek project be commenced at an early date. That is my information on the subject, but I believe this matter has been discussed before this committee by earlier witnesses.

Mr. GREEN: No, no. We have not had any discussion of American companies or of the American government building that Mica creek project.

Hon. Mr. BONNER: I have forgotten the written reference to that proposition which I saw. I think I am correct in saying that it is being publicized in one of the Canadian financial papers as a possibility. I understand that the proposition was advanced most informally and most tentatively to our government, but there is nothing concrete in this connection at this point.

Mr. GREEN: Is your government adopting a policy of that kind?

Hon. Mr. BONNER: No, I would say that there is no policy of that kind by the government of British Columbia.

Mr. GREEN: When General McNaughton gave his evidence he outlined his whole plan for the development of the Columbia river system in Canada. No doubt you have read his evidence and have seen the map which he produced.

Apart from the Kaiser dam, does the provincial government agree with the other proposals which were put forward by General McNaughton?

Hon. Mr. BONNER: Could I have my attention directed to a specific proposal?

Mr. GREEN: The first one was that of the upper waters of the Kootenay river into Columbia lake, which is the head water of the Columbia river.

Hon. Mr. BONNER: Perhaps I could, with the consent of the committee, ask our Comptroller of Water Rights to address himself to the question raised by Mr. Green.

The CHAIRMAN: Any questions may be directed to any member of the delegation and answered by any of them.

Hon. Mr. BONNER: I think you are getting into a technical area.

Mr. GREEN: I am trying to find out to what extent the two governments are in agreement as to these different proposals.

The CHAIRMAN: I think it is quite proper for any members of the delegation to address the committee. I would remind the representatives that either one of the ministers may answer questions. It is quite proper for them to do so.

Mr. A. F. PAGET (*Comptroller of Water Rights*): Might I have Mr. Green's question read to me again, please?

The Reporter:

Mr. Green: The first one was: that of the diversion of the upper waters of the Kootenay river into Columbia lake, which is the head water of the Columbia river.

Mr. PAGET: We have had some opportunity, but not a full opportunity, to assess the impact on the provincial economy. In general, we can summarize it and say that a development of that kind would affect 126 miles of railroad, would cause extensive damage to roads, bridges, telephone and telegraph lines, and would require several ferries. Moreover, the communities of Fort Steele, Wasa, Springbrook, Fairmont, Canal Flats, Athelmere, Windermere, Envermere and Edgewater would be either wholly or partially submerged. The actual affect of the diversion would be almost to destroy the economy from Golden to the point of diversion.

Mr. GREEN: I take it that the report which the government has at the moment is disposed to be against General McNaughton's suggestion that the head waters of the Kootenay should be diverted into the Columbia.

The CHAIRMAN: I do not think we can start to infer from a civil servant the intention of the government. We would like to have his technical views.

Hon Mr. LESAGE: Might I be permitted to say a word. I do not believe that General McNaughton has ever proposed any diversion. What he proposed to the government of Canada, and what has been accepted, is that surveys be made about the possibilities of diversions, which is quite a different thing.

Mr. GREEN: I do not want to be technical about it.

Hon. Mr. LESAGE: They are quite different.

Mr. GREEN: It may be that the provincial government is not yet in a position to express an opinion on this particular project.

Hon. Mr. BONNER: I think that may be the result, Mr. Green; the provincial government has not become convinced of the desirability of the Kootenay river diversion to which you have drawn my attention. In fairness to my government, however, I do not think we have formed a concrete conclusion on this proposal at this time.

Mr. GREEN: What about the suggestion that part of the Columbia river could be diverted into the Fraser river? Your brief refers to it in very dubious terms. What is the position of your government in regard to it?

Hon. Mr. BONNER: Perhaps Mr. Paget would be best prepared to comment on that question for the consideration of the committee, sir.

Mr. PAGET: Mr. Chairman, that matter of the Fraser diversion has only very recently been announced. It has not been possible for us properly to assess the impact it might have. But we do have some information as to what it might mean. As an example, we recognize that General McNaughton's estimate of some 250 million for the Mica creek dam complete and installed may be somewhat low, plus the two downstream plants to be built, one of which would be simply a diversion dam. Then we have a suggestion of a tunnel of some 20 miles in length, and of 50 feet diameter which is beyond normal engineering practice and something which has not yet been undertaken, and we think it is a very doubtful thing to begin with. That means these would have to be built to bring into being the power in the Fraser, along with the Fraser plants, whose location has not been found. It seems very likely that there would be a cost per horse power of installed capacity of not less than \$500 per horse power for this diversion which seems to me to be very excessive. Later these figures might be modified, but it seems to us to be somewhat in that order at the present time. That is before the development of the Fraser.

Mr. GREEN: Are there any other projects which were discussed by General McNaughton with which the provincial government would be in complete agreement? For example he had a dam between Donald and Beavermouth. Two further down below Mica and possibly one at Murphy Creek.

Hon. Mr. BONNER: I think the government of British Columbia has agreed to the Mica and the lower area of the Arrow lakes. At this point, Mr. Green, the plans of the balance of the projects are very much in the study stage. I should have called them proposals, in fairness to the status which they hold. They are very much in the study stage. We are presently in the position in the Kootenays of having more electricity in certain sections than we can immediately use which, fortunately, gives us an opportunity to study the wider ramifications of the very broad proposals which are before us.

Mr. GREEN: So the position to date is that both governments are agreed on the Mica creek project, that they are in disagreement apparently about the Kaiser dam, and that all the other possible developments are still under study. The provincial government is not yet in a position to take a definite stand on them one way or another?

Hon. Mr. BONNER: I think that would be a proper inference. I am of the opinion that there is actually no basis for any real disagreement on the Kaiser dam because the matter has not yet been discussed by the representatives of the federal and provincial governments.

Mr. GREEN: That maybe. That is all.

The CHAIRMAN: Now. Mr. Herridge.

Mr. HERRIDGE: If you do not mind, I would ask for permission to remain seated because I have a little trouble handling all these documents. I have a few questions to ask. First of all, I am particularly interested in this case, because it is of great interest to my constituents.

The CHAIRMAN: Would you please speak louder.

Mr. HERRIDGE: I suppose I am the only member of the committee who can say that he has sailed down the Columbia in a bark canoe with Indians. I listened to the testimony yesterday. This whole question, Mr. Chairman, is on the affect of the proposals made by the provincial government on the possible development of the Columbia, and it is of great concern to this committee. Of course we are also concerned, as representatives of British Columbia, and we are naturally concerned, as I am, in the flooding which may occur as a result of building a dam at Murphy creek, or the ones mentioned at page 8.

We have had very impressive evidence from General McNaughton, who has a long record of service to this country, and who has served in a great number of top positions. I presume that Mr. Bonner would admit that General McNaughton's academic and administrative record is an extremely impressive one.

Hon. Mr. BONNER: I think that would be fair. I also served in a very inferior rank under General McNaughton in the last war.

Mr. HERRIDGE: I want to ask a question of Mr. Bonner based on a statement made by General McNaughton at page 100 of the minutes of this committee, in which he answered a question of mine in respect to the building of the Kaiser dam, or with respect to its possible effect on other developments on the Columbia. General McNaughton has this to say in concluding:

Because the proposal for this dam at Castlegar was a matter of public interest, I indicated at the bottom of that table what commitment would mean. First of all, we have none too much water available, and if you donate these millions of acre feet—three million I believe it is or thereabouts—under the terms of a contract for a period of 50 years, then for 50 years that becomes an appropriation. And even if you get it back at the end of that period—which I somewhat doubt—on top of that if you were to build the storage at section eight, or the Castlegar proposal, as it is referred to, that means that the possibility of storing three millions acre feet of our own and holding it in cyclical storage to release to the United States when flows are low, to satisfy existing commitments, would be gone. So it means that if you donate three million acre feet to a contract in this way, the damage to our ability to run our own affairs is double that.

We have not only lost the water which goes down, but we have lost the capacity of making cyclical storage to get over some of our other demands, and the net effect is double.

Would the minister's experts wish to comment on that observation of General McNaughton's?

Hon. Mr. BONNER: One of the questions which is uppermost in the minds of the provincial government in connection with the Castlegar dam is that the 3 million acre feet which it is proposed for storage should not be in excess of the 18½ million which is noted on table 7 on page 71 of the proceedings of this committee. In other words there is shown in that schedule to be for operation of turbines at full rate speed in a period of storage in a minimum year 18,500,000. The 3 million which is in contemplation for lower Arrow lakes is not, as I am advised, to be considered over and above that 18,500,000, but rather is to be included in it. That is one of the premises under which the matter is being approached by the government of British Columbia. That is something which we must insist upon for the proper development of the Columbia.

Mr. HERRIDGE: Thank you, Mr. Bonner. On page 12 of your brief I find the following words:

My own opinion is that this committee will recommend against the exporting of power to British Columbia in the manner contemplated by the interim agreement of September 17 last.

If such a recommendation is or has been made, I venture to suggest that, in part, it is based upon the belief that British Columbia has placed too high a price upon the benefits conferred by Arrow lakes storage.

Now, in this connection I want to draw your attention to remarks made by General McNaughton in respect to a question I asked him in this connection on page 102 of the minutes of the committee, second paragraph from the bottom of the page. General McNaughton deals with what he considers the value of this storage and he calculates that instead of \$1 million a year it should be worth several million dollars a year to the province of British Columbia. The last paragraph reads:

So, in any fair estimation of the benefits coming from the regulated flow, it is not the 1 and 1½ or 2 mills that the ordinary flow that it may be costing them, but how they are going to get over their difficulty. What is it going to cost them to do that? If we do not give them a regulated flow, they have got to put in big steam plants, and that power would make the cost either 8 or 9 mills per KWH. So we feel that we have every right to set up our value in terms of the peak power, which is three or four times what they have been willing to offer. They want us to give them a gold watch for the price of a bit of tinsel.

Hon. Mr. BONNER: Perhaps I could ask Mr. Paget to offer some views on that with the permission of the committee.

Mr. A. F. PAGET (*Comptroller of Water Rights*, Government of British Columbia): Mr. Chairman, I have given some thought to that matter as to the cost of steam thermal generation. We must accept that generally the Columbia has enough water in it to run all existing plants. It is only in the odd year that assistance by thermal generation is needed. Some assistance is needed, I might say, this year. However, this cost of combined thermal and hydro power is not exactly the cost for thermal power for the full year but rather the cost of hydro power for the full year which in the B.P.A. is about 2 mills plus the cost of interest and investment in a thermal plant. That cost is not too significant. It possibly is slightly larger than a mill but for practical purposes we can say a mill. Then you have to take your fuel and add the additional cost for that for the period of use of the thermal plant. Even allowing your thermal power at 10 mills for 2½ months of every year, which is excessive in the Columbia in the present day, cost averaged over 10 years would be somewhere in the order of about 2 mills per year including the cost of investment. Now, you must accept that this is only auxiliary. You are not generating a base load with thermal power. If you were the figure of 7 or 8 mills would be significant. But, the seasonal high levels of the Columbia are such that further use can still be made of seasonal power. The potential from the annual point of view for that source of energy, has been no wise used up. It is ample for part of the year. Thermal power plus part of the year hydro power make the overall cost something like 4 mills and maybe plus half a mill, or a point or two less—I cannot tell you exactly because I do not know.

Mr. HERRIDGE: Mr. Chairman, can we call it 1.00 o'clock.

The CHAIRMAN: The committee stands adjourned until 3.30 this afternoon, when Mr. Herridge will continue.

AFTERNOON SESSION

The CHAIRMAN: Gentlemen, we shall carry on from where we left off this morning. Mr. Herridge has the floor.

Mr. HERRIDGE: Perhaps I should explain before we proceed that we are surrounded generally by gentlemen of the legal profession. I must apologize for my bumbling questioning as a back woodsman. I trust you will understand me.

When we rose for lunch I was asking the minister a question. I asked him for his comment on the value or the providence of the deal to British Columbia and the value of the power being supplied to the Kaiser corporation. His advisor gave his opinion.

I would like to ask a further question. I have in my hand a clipping from the Vancouver *Sun* for November 19, 1954 in which the British Columbia Minister of Lands, Forests and Mines had this to say, when speaking at Vernon:

The Kaiser Corporation required this power to replace expensive steam power.

My question is this: In view of the fact that it is admitted by the company that it is replacing expensive steam power, does Mr. Bonner not think that the province of British Columbia should get a greater return, or one which bears more relationship to the benefit itself?

Hon. Mr. BONNER: I have no reason to agree with that view, because our arrangement will be with the Bonneyville power administration in respect to water storage. The fact that the Kaiser proposal comes to us is merely as a basis under which the matter has got under way.

Mr. HERRIDGE: On the question of flooding which was raised yesterday when you were dealing with your brief, there was a picture shown of a section of the river with respect to project eight south of Trail, showing the amount of flooding which might occur if the Murphy creek dam were built to a certain height in that section of the river between those two points. I raised the question of flooding with General McNaughton when he was before the committee.

After questioning him at some length, I asked this:

Do I take it from your answer General McNaughton that if a dam were erected on an international river within Canadian territory that any flooding which would occur is the responsibility of the provincial government to deal with the matter?

General McNaughton answered:

It would be the responsibility of the provincial government in Canada, unless by reference or by instruction as part of a general big project, some responsibility were placed specifically on the commission.

My question in that regard Mr. Bonner was this: that the provincial government has no necessity to be concerned about the effects of any flooding because it is the responsibility of the provincial government to determine the level of the water in any lake or river as a result of a building of a dam.

Hon. Mr. BONNER: Is that a question?

Mr. HERRIDGE: Yes. That is my question. The question is: the provincial government would have no concern about the possibilities of flooding occasioned by the building of any dam, because it is the sole responsibility of the provincial government to determine the height of the water in any lake or river which it is proposed to dam.

Hon. Mr. BONNER: I would say that was a statement not a question; however I would observe in connection with it that the provincial government must be concerned with the implications of any scheme which would involve the flooding of our land. The aerial photograph which was introduced to the committee yesterday was to illustrate the effect of flooding in one section of the province; and that effect was to deny to existing and to future settlements in certain areas land which would be otherwise available to people in the future.

It becomes an important economic consideration and it properly concerns the provincial government. We should have a clear idea of the relevant values of the land which may be used in the future on the one hand, and the value of the power which may be produced for industry and for people on the other.

When you have narrow valleys, as we have, and where our settlements are confined to them, it becomes a matter of great moment to all of us in British Columbia when you decide to flood out a valley, because you know that thereafter, regardless of the fact that you are producing electricity, you are at the same time denying available territory for future settlement, and for the dispersion of population in the province. That, in my view, is an inescapable factor for consideration by the provincial government.

Mr. HERRIDGE: Which you have the power to determine?

Hon. Mr. BONNER: It becomes a question of responsibility that we should take such things into consideration.

Mr. HERRIDGE: In the radio address of November 29 over a Vancouver station, the minister said that the Murphy creek site will be developed when it is needed. The Castlegar site does not interfere with the Murphy creek or with its potential. Construction at Castlegar would have no effect on Murphy Creek. This makes the Murphy creek site become relative in the next decade.

Then the minister was quoted again on April 2 as saying that the alternative dam at Murphy creek is not advisable because it would backup the water and would flood the farming area of Robson and Castlegar.

My question is this: can the minister explain the reason for the apparent change of opinion with respect to the possibility of the development of the Murphy creek site?

The CHAIRMAN: You should direct your questions to the minister himself.

Hon. Mr. BONNER: May I examine the statement because I do not remember in your reading of it that there was any change of opinion involved in it. The statement was to the effect that the Murphy creek site will be developed when it is needed. It is our thinking at this point—and here we are back to the point at which arrived this morning—that we have a number of proposals which have been under study by the federal government. Some of them we are fully advised of. The proposals involve a certain series of projects. The priority to be afforded to them is not a matter of precise thought at this time.

When you realize that there is in the Kootenay area at this time a surplus of electrical energy, it becomes an obvious inference from that fact that a development, let us say, down at Murphy creek need not necessarily receive a high priority.

The fact of the matter too is that the *Sun* article refers as well to a high level dam at Murphy Creek whereas the radio address refers to a low level one. Unless you are going to go into the question more fully, you will see that you cannot really deal with the two statements, having put them side by side.

Mr. HERRIDGE: The statement refers to a power dam at Murphy creek in any event.

Hon. Mr. BONNER: There are power dams at Murphy creek whether they be high or low. The illustration to which you made reference was that of the Murphy creek dam as exposed in the aerial photograph and the effect of the flooding as indicated in that sketch. I understand it to be a matter of some concern in the area that certain portions of the existing developed property might be denied to population by the effect of flooding. I return to the point that it is unquestionably a matter of great concern to the provincial government whether that sort of thing should take place and also when it should take place.

Mr. HERRIDGE: In the same radio address the minister said: "Such a dam will not cause flooding of the Arrow lakes area."

Can the minister tell the committee to what level it is proposed to raise the Arrow lakes according to the Kaiser agreement?

Hon. Mr. BONNER: No precise level has been determined in the negotiations so far. It must await engineering studies which are the basis of the interim agreement.

Mr. HERRIDGE: Is the minister aware that employees of the Kaiser corporation were in the assessment office at Revelstoke for some long period of time determining the values of property which would be flooded?

Hon. Mr. BONNER: As for myself I do not know the answer to that one. May I ask Mr. Paget to interpose a remark which I think is relevant to the discussion.

Mr. PAGET: Mr. Chairman, we have been asked to assist the government in endeavouring to set a reasonable elevation on the Arrow lakes. Part of the work was being done by the Kaiser engineers and part was being done by the water rights engineers. I do not know as far as the investigations at Revelstoke are concerned; there it may have been done by the Kaiser people. They may have made these inquiries, but the study has been carried on over a fairly wide range between, let us say, fourteen hundred, fourteen twelve, or fourteen fifteen feet, to find out what the different effects would be at various lake elevations so that we would know what the height of the reservoir should be.

Mr. HERRIDGE: Could the minister guarantee, assuming that this project went ahead, that no farm, property, homestead, or industrial property would be caught in the Arrow lakes development dam?

Hon. Mr. BONNER: The application for the conditional water license which will be made by a Canadian corporation for that purpose, and which has yet to be formed, would be the subject of a public hearing in the province of British Columbia, at which time any local ramifications of the proposal would be placed before it by the people of the areas concerned, and all viewpoints having a bearing on the proposal would have an opportunity of being aired. That is one portion of this proposal which quite obviously we have not brought out to this committee.

I may return to it from time to time, because it does not appear to have been cleared up, up to now. It is one of the events which must occur. Quite frankly you are asking a question in relation to facts which are not yet established and in respect of which you can see that I cannot make an assertion.

Mr. HERRIDGE: Could the minister tell us what is the practice of the International Joint Commission before it makes a decision of any kind in writing? It has not the power to order things to be done. The person affected has to go to court. It always holds hearings and is very careful to inquire about the possibility of damage to persons or individuals. I suggest that it might have been better procedure in a case similar to this to have held the hearings

before the general proposals were placed before the people concerned, and before the agreement was drawn with the corporation because of their concern.

Hon. Mr. BONNER: I appreciate the point you are developing, but I want to take you back to the commencement of your question. The procedure which I am discussing is the procedure of examination which is required under the Water Act of the province of British Columbia, as is indicated in the brief. The decision to grant a water license is the decision of the comptroller by statute. It will be necessary that hearings be held in this case for the very proper purpose of having points of view expressed on such questions as you have raised here this morning and this afternoon.

Now, the question of whether the hearings could have been held before the interim agreement was signed must be answered in the same manner which your question would indicate, because we can only get this project going by establishing a certain amount of understanding between the proposing principals and the province of British Columbia.

This agreement, as I have endeavoured to explain to the committee, has a limited effect at this point and can only be regarded in its proper light as being a memorandum of intent.

Many things may happen between the agreement of the 17th of September and the time when the hearings which you suggest are proper are held. The American members may decide that their feasibility engineering leads them to the conclusion that it is not the sort of thing they want to go into.

You suggested to me that there had been some inquiry in an assessment office. It may be that the expenses involved in compensating for properties which might be affected are such that the corporation would not want to assume that type of financial responsibility.

In other words, I am trying to set the thing in perspective to indicate that there are a host of things which stand between the 17th of September and the hearings which must be held under our Water Act. Very properly I must observe that we are merely in the beginning of these things at this point, and the situation is not a hard and fast arrangement as it has been termed in other quarters. It is an agreement for an agreement, and is merely a memorandum of intent. With all things being developed in their proper manner, we would anticipate that it would be productive of a proper result.

Mr. HERRIDGE: Thank you. I understand that the present agreement has the endorsement of the Columbia River Basin Development and Advisory Committee, which is a provincial committee. Were all the members of this committee kept informed of the developments and consulted prior to the signing of the contract?

Hon. Mr. BONNER: I am not a member of that committee. The committee is set up by statute, if I am not mistaken. I think several members of the cabinet of the province are, by statute, on that committee.

I want to illustrate the degree of co-operation that has been extended between the provincial government and the federal government. That committee came into being, if I am not mistaken, as the result of suggestion of General McNaughton. I think that has been indicated in testimony given earlier to this committee. I may be able to refer to the minutes. I am advised that this matter was brought to the attention of that committee prior to the signing of the interim agreement on September 17, 1954.

Mr. HERRIDGE: Could the minister inform the committee what members of the committee endorsed it, and the names of those members?

Hon. Mr. BONNER: All who were present, with the exception of Mr. Anderson. He was the sole member of that committee who did not support the motion.

Mr. HERRIDGE: What was the date of the meeting?

Hon. Mr. BONNER: The 26th of November, 1954.

Mr. HERRIDGE: That was after the signing of the agreement?

Hon. Mr. BONNER: The 26th of November is after the 17th of September.

Mr. HERRIDGE: Yes. Now Mr. Bonner, you have read the evidence before this committee by General McNaughton on the effect that the Kaiser dam would have on the effect of the Murphy and I think he said that the building of the Kaiser dam would inhibit the building of the Murphy creek site. Would the minister or his officials like to give an opinion on that?

Hon. Mr. BONNER: I think Mr. Paget might be able to give an observation to the committee on that point.

Mr. PAGET: Mr. Chairman, in the development of the Columbia, to make Murphy Creek attractive, you must recognize that the present high water conditions in the lower Columbia river makes the construction of a dam at this time unattractive. In other words, during a proportion of the year, the summer period, the tail water conditions would be quite high and there would be little power developed from this site and so it appears necessary that Mica creek should become established before Murphy creek can be considered. Then, with Arrow storage as well, Murphy creek becomes more desirable. The answer would be that a low head Murphy dam, not storing in Arrow lake, but simply for power generation that is designed to the low elevation of Arrow lakes, would develop nearly the same power as a higher Murphy dam which backs water and stores in Arrow Lakes. We have made studies of that situation and while you could have many alternatives of these studies the one I will give you as an illustration is Arrow lake storing at an elevation of 1406 feet, which is about the 1948 high water mark, with Murphy creek dam at elevation 1376 which is the elevation of the Brilliant tail waters. The Brilliant plant would not be affected in this discussion. There is an average difference of 7,200 kilowatts of power on about 140,000 firm kilowatts of energy, so the significance of the high and low Murphy from a power potential is not too great. A difference of some 7,000 kilowatts out of 140,000. But remember that that is averaged. At the most critical time when the lake is drawn down both high and low Murphy, would have an output the same at the most critical time. Does that answer your question?

Mr. HERRIDGE: Yes. I noticed several references in the press lately reporting the Minister of Lands and Forests as saying dam construction at Arrow lakes and Mica creek should be undertaken simultaneously. Could you explain that?

Hon. Mr. BONNER: I can see no reason why they should start simultaneously. I think the explanation was they could start simultaneously.

Mr. HERRIDGE: I have one more question. Were the British Columbia Electric Company, The Consolidated Mining and Smelting Company or the West Kootenay Power and Light Company approached to see if they had any interest in the construction of a proposed dam at the site of the proposed Kaiser dam or the construction of a dam at Murphy creek?

Hon. Mr. BONNER: Mr. Ingledow of the British Columbia Electric Company and Mr. Anderson of the West Kootenay Power and Light Company are both members of the committee which passed upon this project on November 26, 1954.

Mr. HERRIDGE: But, my question is, were they approached as to whether they had any interest in these projects prior to the Kaiser Corporation being approached?

Hon. Mr. BONNER: I do not think that the government approaches anyone on subjects of this sort.

Mr. HERRIDGE: You do not question for a moment the financial or other capacity of either one of these three companies to undertake the work as far as the Castlegar or Murphy creek dam is concerned?

Hon. Mr. BONNER: Based on a casual examination of their balance sheets I would not.

Mr. HERRIDGE: I have just one more question. There is this great possibility that you will be building a dam at Murphy creek to 1395 where there would be no flooding above the Arrow lakes and we have in the Revolstoke area and through the Arrow lakes tremendous ore reserves and it would provide a great waterway for transportation of these ores from the mines to the smelters. Has any consideration been given by your government to the possibility of that kind of value in the dam at Murphy creek?

Hon. Mr. BONNER: I can only assume that matters of that kind are in the minds of our officials when the economic factors affecting a development are taken into account.

The CHAIRMAN: May I interject that the Minister of Lands and Forests might pass a comment on that if he wishes to.

Hon. Mr. BONNER: Our interim studies of this question would indicate on present data that the Murphy creek project, or proposal, would be toward the end in priority of development because it would depend for its success to some extent on the Arrow storage and to probably a greater extent on the Mica creek storage itself. I think that that is the sequence. Mica and Arrow, or Arrow and Mica. I do not think that the order there is important, but toward the end of priority I think it would be proper to suggest that the Murphy creek project might be placed. I am not suggesting that in any firm way, but that is what present data suggests at this point.

Mr. HERRIDGE: I was particularly interested in the section of the brief concerning international ramification and I thought that you rather stressed the necessity for us to consider the United States requirement and their needs in the way of power. Many of us are very concerned about the development of British Columbia and the development of industry in British Columbia and the development of power to build that industry and many of us are interested in providing jobs for Canadians rather than exporting power to provide jobs for Americans. We would consider that our first objective.

Hon. Mr. BONNER: I would agree to the statement but say that "all of us" are concerned with the development of British Columbia and not "many of us" and that we are not concerned with the export of power but the import in this situation.

Mr. HERRIDGE: Would you clarify the committee in respect to international ramifications as to how far you think we should go in providing power for United States interests until we have developed our own capacity and met our own needs and our future needs?

Hon. Mr. BONNER: I think that my opinion on that subject is set out in the brief itself in which I suggest that the province of British Columbia is not interested in the exporting of power from British Columbia or from Canada except in unusual or temporary circumstances which do not affect the national interest or the economy of the province. That is our policy with respect to electric energy.

Mr. HERRIDGE: I was rather concerned about that because of the reported statement of Mr. Gaglar that we had nothing to do with surplus power except export it to the United States.

Hon. Mr. BONNER: I know the report to which you refer and in my view the minister's remarks were not correctly set out in that report. The policy is as I said, and that is concurred in most wholeheartedly and unanimously by our government.

Mr. HERRIDGE: There are repeated reports in the press and I think that the Minister of Lands and Forests and Mines is reported in quite strong terms as stating that your government might challenge the constitutionality of Bill No. 3 in the Supreme Court. Is that your intention?

Hon. Mr. BONNER: I do not understand that we have any law to challenge at this point.

Mr. HERRIDGE: When the bill becomes law?

Hon. Mr. BONNER: I am glad to hear you say it that way. I am not going to indicate any position on that subject until I have something concrete to deal with.

Mr. HERRIDGE: Thank you.

The CHAIRMAN: Now, I think that the time may have arrived for the minister to produce or release or authorize the release of some of the documents which were mentioned this morning.

Hon. Mr. LESAGE: The brief presented by the government of British Columbia refers at page 26 to conversations between General McNaughton and various persons held on May 2, May 4 and June 17 of 1954. I gathered from Mr. Bonner's remarks yesterday that these conversations had been reported in confidential memoranda under the signature of General McNaughton in his capacity as chairman of the Canadian section of the International Joint Commission and that copies of such memoranda had been sent confidentially to Mr. Sommers. Also this morning a memorandum of September 17 was mentioned. Mr. Croll has asked Mr. Bonner if he would produce these documents. Mr. Bonner said that he would have no objection to produce these documents if General McNaughton would not raise any objection to the production. I said this morning that I was advised that General McNaughton had no objection. So I understand that the position is that Mr. Bonner is now producing these documents and that I am merely supplying the copies. Here are a number of copies. I am afraid that I do not have one for each member of the committee but we will try to have more available. There is a letter dated May 4 from General McNaughton to Mr. Sommers including a memorandum signed by General McNaughton dated May 3 relating to a conversation of General McNaughton with Mr. Roland Stokes-Rees of the Kaiser Engineering (Canada) on May 2, 1954. The second document is a memorandum dated May 4 from Mr. McNaughton relating to a conversation between Mr. McNaughton and Michael Miller of the Kaiser Aluminum Company in a telephone conversation of the same day. I have copies for every member of the committee now of the memoranda of June 17, which were distributed on May 29 according to the notes which I have which was confirmed this morning by Mr. Bonner relating to conversations between a number of people who were mentioned by Mr. Bonner earlier in the discussion.

I believe you did mention them?

Hon. Mr. BONNER: If I may, it is not clear to me who actually is producing these documents. Mr. Croll asked that I come with certain documents. I came with them prepared to discuss them provided the national government or its appropriate representative had no objection to their being produced at this hearing. I do not think it is quite proper in view of the fact that these things have come to us as a matter of confidential copies and information that we

should be called upon to produce them because the record is in the hands of the national government and I assume there would be no objection to it being noted that the national government is producing these memoranda from their own files.

Hon. Mr. LESAGE: I am not producing these papers which are the property of the International Joint Commission which is an international organization. The conversations have been alleged by the government of British Columbia. These conversations were confidential. The memoranda relating to them were sent, or copies of them, were sent to the province of British Columbia. The members of the government of British Columbia chose to refer in their brief to conversations of which they have learned in a confidential manner. Mr. Croll, after learning that the memoranda relating to these conversations were in the hands of Mr. Bonner and his associates asked if they would produce them. Mr. Bonner said he was ready and that there was no objection. I would say now there is no objection and I would suppose Mr. Bonner is producing the documents and I am merely supplying copies for the benefit of the members of the committee.

Hon. Mr. BONNER: It will be noted, in any event, Mr. Chairman, that the memoranda referred to are a portion of the record of the Canadian section of the International Joint Commission and I would be surprised to learn that these matters were not open previously to the government of Canada.

Hon. Mr. LESAGE: The last document is the memorandum of September 17.

The CHAIRMAN: As to the documents of which there are not enough copies they will be published as appendices to today's proceedings and any member who might wish might get in touch tonight with the clerk if he wishes to see them before tomorrow morning. We will expedite the printing as much as we can.

Now, the next speaker is supposed to be Mr. Low who declines for now. So I will revert to the party arrangement again and revert to the liberal group. Mr. Byrne is supposed to be next.

Mr. BYRNE: So far as I am concerned in view of the fact that there are some eminent lawyers here and this seems to be a very technical legal discussion I am prepared to relinquish my place at the present time.

The CHAIRMAN: I have been asked by Mr. Croll who will be away tomorrow that he be allowed to have the privilege of going ahead now.

Mr. CROLL: Mr. Chairman, I would like Mr. Henderson to go on now and I will take the next turn if I may.

Mr. HENDERSON: Mr. Bonner, I was very interested in what you had to say about the water licence. Could you give us some idea as to the scope or authority which these licences would have? I mean to say is it just within the boundary of the province of British Columbia or outside the boundary?

Hon. Mr. BONNER: I think I could say that the scope which has been heretofore used as properly belonging to those licences pertains to works on international rivers and particularly the Columbia and works going into it. We have an installation on Arrow lakes in which the British Columbia Power Commission has invested \$6½ million. That installation which was brought into being I think 3 or 4 years ago was brought into being as a result of application under the Waters Act of our own province and it appeared to occasion no concern to the government of Canada despite the fact its effect is not in any way distinguishable from the effect of the Kaiser proposal under discussion. The second example is one current and I have expressed concern as to the effect of the passage of this bill on these two situations which I am now discussing because we have moneys of the provincial government invested in them. I refer to a project on the Spillimacheen river which runs into the headwaters of the

Columbia and I think is in a like position to Whatshan and again in a like position to Arrow lake storage. None of these just occurring or which have occurred have occasioned the concern which apparently attaches in connection with the Arrow lake storage.

Mr. HENDERSON: Prior to getting to the licensing when do you have these public hearings you were telling us about?

Hon. Mr. BONNER: When formal application for the conditional water rights is received, the hearing would then follow that.

Mr. HENDERSON: That would be within the 60 day limit that you can have public hearings?

Hon. Mr. BONNER: Not necessarily, no.

Mr. HENDERSON: I thought that within 60 days after the Canadian company applied that your government would issue a conditional licence. Am I wrong there? I refer to paragraph 5:

Her Majesty agrees that within 60 days after receipt of the application for a conditional water licence referred to in paragraph 4 hereof, Her Majesty will cause to be issued to the Canadian company a conditional licence upon terms conforming to this agreement authorizing the company to construct the works referred to in paragraph 3 hereof and to divert and use water for such purpose pending the issuance of a final licence under the Water Act, a detailed description of such works and the water to be diverted to be set out in the said licence.

So, I presume that the public hearings would be in that 60 day period.

Hon. Mr. BONNER: That was certainly a matter agreed upon at the time it was entered into as evidenced by its place in the agreement, but I would draw your attention to the fact that we have a similar arrangement with North-west Power Utilities Limited involving development of the Taku-Yukon rivers in the northwest.

Mr. HENDERSON: They use the same type of contract?

Hon. Mr. BONNER: Yes. And in that case there has been a necessity for amendment and I think the dates are advanced in that connection as well.

Mr. HENDERSON: Then do you have another hearing before you have the final licence granted; another public hearing?

Hon. Mr. BONNER: No. The hearing in connection with the granting of the conditional water licence would be the full dress hearing in connection with anything else in the course of that time or such further period as might be required fully to explore the situation; it would be expected that all necessary points of view would be brought forward.

Mr. HENDERSON: It seems to me for full effect of paragraph 5 you would have to amend it.

Hon. Mr. BONNER: I am saying to give full effect to paragraph 5 we have to have certain further facts which are yet to be established in engineering which are to be laid before us in public hearings.

Mr. HENDERSON: Could the whole deal be quashed in these public hearings?

Hon. Mr. BONNER: Conceivably.

Mr. HENDERSON: Then I was wondering if the public hearing went on until we get to paragraph 8 and the dam had been built—I presume you would have public hearings up until that time and the final licence not granted.

“Her Majesty agrees that upon the completion by the Canadian company of the storage dam hereinbefore referred to Her Majesty will cause to be issued to the Canadian company a final licence...”

Hon. Mr. BONNER: I do not get the point of the question.

Mr. HENDERSON: The point of the question is this: if you can hold these public hearings any time you like under the Water Act which I understand you to say the agreement specifically says:

"Her Majesty agrees that upon the completion by the Canadian company of the storage dam hereinbefore referred to Her Majesty will cause to be issued to the Canadian company a final licence..."

If you had public hearings you said it could conceivably happen that the project could be turned down. Then, do you feel that Kaiser would be committed their having spent there \$30 million?

Hon Mr. BONNER: You are in the wrong sequence.

Mr. HENDERSON: I am asking whether that could happen or not?

Hon. Mr. BONNER: I would say no.

Mr. HENDERSON: I was interested to hear you call this an interim agreement. Mr. Sommers has said that there is a hole in the deal, or something like that, back in January. Could you point out to me in the agreement where there is any provision for a further agreement in order to cause this to be an interim agreement as you have named it.

Hon. Mr. BONNER: I can only answer that by saying it is in the brief. I do not have the page before me. The real contract which must be established would be contained in the terms and conditions of the conditional water licence which conceivably could follow this agreement. It would be a condition so far as the government is concerned that arrangements be entered into between our government and the Bonneville Power Corporation. We have never thought it satisfactory to rely on the guarantee of a private corporation in matters affecting the importing of power. The Bonneville Power Corporation is an agency of the American government. This was commented upon in previous testimony before this committee and the Department of External Affairs legal advisor I think indicated the possibility of that arrangement being entered into. It is in any event the arrangement we have in contemplation if that event takes place.

Mr. HENDERSON: On page 11 you state;

"Many things stand between the proposal and the possibility of Arrow lakes storage."

Now, as I understand, your colleague, Mr. Sommers, introduced the contract into the legislature.

Hon. Mr. BONNER: I do not think—.

Mr. HENDERSON: This is not really the contract. Is that right?

Hon. Mr. BONNER: I do not know what you are calling a contract. The only document which is before my government is the interim agreement which you presumably have in your possession.

Mr. HENDERSON: Mine does not say interim agreement. It says agreement.

Hon. Mr. BONNER: The addition of the word "interim" will not affect the character of the document.

Mr. HENDERSON: The document made public is not the real contract?

Hon. Mr. BONNER: What is made public in a memorandum of certain minimum agreements arrived at on September 17, 1954.

Mr. HENDERSON: Do you call paragraphs 4, 5, and 8 minimum where it says:

Her Majesty agrees that within 60 days after receipt of the application for a conditional water licence referred to in paragraph 4 thereof, Her Majesty will cause to be issued to the Canadian company a conditional licence...

Are these same conditions used in paragraph 8 where it says:

Her Majesty agrees that upon the completion by the Canadian company of the storage dam hereinbefore referred to Her Majesty will cause to be issued to the Canadian company a final licence...

Hon. Mr. BONNER: I have no reason to change the view which I place upon the effect of this document as a result of that question, Mr. Chairman. We have had a certain experience in the province over ten years of the projection and development of these matters and once the proposal is made to the government such as had been done here we are often faced as we have been faced in connection with the Frobisher development with the necessity of reviewing portions of the anticipated schedule.

Mr. HENDERSON: Where is the clause which says you can review this, other than clause 12 which says:

The dates stipulated in this agreement may be extended upon mutual agreement of the parties.

which I believe was the clause relied upon for the agreement for the 14th of January. Where is the other clause?

Hon. Mr. BONNER: It is well known that an agreement may be revised at any time.

Mr. HENDERSON: With the consent of both parties.

Hon. Mr. BONNER: Yes. Just an undertaking with Kaiser to vary the agreement as we went along. I think if you examine the contents of the conditional Water Licence the example which is contained in the brief is classic of that, and you will find there is very great discretion vested in the comptroller to vary the water licence.

Mr. HENDERSON: Do you consider the agreement before you as binding on both parties?

Hon. Mr. BONNER: To what extent?

Mr. HENDERSON: Let us go back to the agreement.

Hon. Mr. BONNER: Whether you consider it binding or whether you consider it enforceable is probably the question you have in mind.

Mr. HENDERSON: I am asking you whether you consider it binding upon both parties?

Hon. Mr. BONNER: The agreement is unquestionably a memorandum of what was then considered to be—

Mr. HENDERSON: Binding on both parties. Do you agree with that?

Hon. Mr. BONNER: That is something I will not comment upon at this point. The agreement will speak for itself.

Mr. HENDERSON: Did you prepare the agreement?

Hon. Mr. BONNER: No.

Mr. HENDERSON: You do not wish to express an opinion as to whether or not it is binding?

Hon. Mr. BONNER: I think it is unquestionably binding, insofar as there is a necessity placed in the agreement upon the Kaiser Corporation to undertake certain engineering works and development, and a forfeiture of a cash bond upon their failure to undertake those works. Perhaps I should draw your attention to Schedule 2. You see there that in the matter of the return of power, notwithstanding that there is a minimum figure established in the body of the agreement itself, the schedule contemplates with respect to the return that there shall be a return computed as set forth below, or in other manner which is agreeable to Her Majesty, Bonneville, and the company provided. That indicates the nature of the agreement in one important aspect.

Mr. HENDERSON: Let us go back to the agreement.

The CHAIRMAN: Before you do that might I underline the point that you have asked a question whether the agreement was binding on the two parties. The opinion of the witness in his answer is that it was binding on the company to carry on the work to some extent. Would it not be better—I mean for the record—if we also carried on the question to see whether it is binding on the other party to the contract.

Hon. Mr. LESAGE: Binding on the government.

The CHAIRMAN: Binding on the government: otherwise our record is not complete and your question remains unanswered. That was meant to be a question, Mr. Bonner.

Hon. Mr. BONNER: You see, the extent to which this agreement can be considered as binding on both parties must be considered in the light of the terms and conditions which are to be offered by the government in the conditional water licence after the hearings are held. The conditional water licence is an elaborate document or a simple one depending on the circumstances.

Mr. HENDERSON: You may answer yes or not. Is it binding or not? That is a simple question. You are the attorney general of the province.

Hon. Mr. BONNER: Of course.

Mr. HENDERSON: Do you consider it as binding on your province?

Hon. Mr. BONNER: With the explanation I have given, I do not see any reason why not.

Mr. HENDERSON: Do you consider the whole contract as binding?

Hon. Mr. BONNER: You are begging the question, if I may say so.

Mr. HENDERSON: I see.

Hon. Mr. BONNER: At least we have got that established.

Mr. HENDERSON: But I am afraid that you are begging the answer. However, if you do not wish to answer, it is all right.

The CHAIRMAN: The witness has not said that he did not wish to answer.

Hon. Mr. BONNER: I was taking a drink of water, actually.

The CHAIRMAN: You might give Mr. Bonner more time to answer the question.

Hon. Mr. BONNER: With the explanation I have given as to the manner in which the contract was ultimately arrived at, from this document the agreement would be binding.

Mr. HENDERSON: Do you not consider this document as binding?

Hon. Mr. BONNER: This is what is known as an interim agreement or a memorandum of intent, that is all.

Mr. HENDERSON: Mr. Sommers announced to the legislature that it was a contract, and in view of the fact that there has been so much to do about it in the press, would you say it really was not a contract at all?

Hon. Mr. BONNER: I do not think you have a record of what Mr. Sommers said in the legislature because we have no copy of our proceedings.

Mr. HENDERSON: I have a record of what Mr. Sommers said as a whole. But let us now go to Schedule 2.

In the event that the Canadian company is unable by reason of any law or by reason of any order or decree of any administrative body or official having jurisdiction in the premises, to deliver the power to Her Majesty, then during such period the Canadian company shall pay to Her Majesty monthly in lieu of the delivery of such power an amount equal to the value of the power not delivered in such month; the value of such power shall be determined at the current rate then charged by Bonneville Power administration for similar service.

Just what does that mean?

Hon. Mr. BONNER: What part of the agreement are you referring to?

Mr. HENDERSON: I was referring to page 6 schedule 2.

Hon. Mr. BONNER: That clause was placed in the interim agreement in contemplation of a possible interruption of power arising out of unusual circumstances such as war, or some force majeure.

Mr. HENDERSON: Is there anything connecting that part of the agreement with page 12 of your brief, where you say:

My own opinion is that this committee will recommend against the exporting of power to British Columbia in the manner contemplated by the interim agreement of September 17th last.

Hon. Mr. BONNER: No, no connection at all.

Mr. HENDERSON: You say no connection at all. But it could still be covered under schedule 2, could it not?

Hon. Mr. BONNER: No.

Mr. HENDERSON: What makes it possible not to be so considered?

Hon. Mr. BONNER: I have already advised the committee, and I think it is set out in the brief.

Mr. HENDERSON: What is there in that agreement?

Hon. Mr. BONNER: I have already advised the committee and it is set out in the brief that the conditional water licence which might arise from this interim agreement would have to have as a collateral arrangement a contract in effect between the Bonneville power administration and the government of British Columbia or some suitable agency of the government.

Mr. HENDERSON: Do you think that paragraph 5 of the agreement on page 4 is binding on the government of British Columbia? Paragraph 5 reads as follows:

Her Majesty agrees that with sixty days after receipt of the application for a Conditional Water Licence referred to in paragraph 4 hereof, Her Majesty will cause to be issued to the Canadian company a conditional licence upon terms conforming to this agreement authorizing the Company to construct the works referred to in Paragraph 3 hereof and to divert and use water for such purpose pending the issuance of a final licence under the Water Act, a detailed description of such works and the water to be diverted to be set out in the said licence.

Do you think that is binding on Her Majesty's government?

Hon. Mr. BONNER: Subject to schedule 2 and to the distinct possibility that the sixty-day period would not be applicable in the contract, Her Majesty's government would issue a conditional water licence as contemplated by the agreement.

I would point out that a conditional water licence may very properly contain terms and conditions as a result of the hearings, which would make it unacceptable to the American corporation, or to the Canadian company set up by it.

Hon. Mr. LESAGE: Do the terms not have to conform to the agreement according to paragraph 5?

Hon. Mr. BONNER: No.

Hon. Mr. LESAGE: You say "no". Yet paragraph 5 says:

Her Majesty will cause to be issued to the Canadian company a conditional licence upon terms conforming to this agreement...

It may be my eyes, that I do not see correctly.

Hon. Mr. BONNER: Schedule 2 is part of the agreement of course.

Hon. Mr. LESAGE: How is it that the conditional licence would not have to be on terms conforming to this agreement?

Hon. Mr. BONNER: The point is this: there has been no agreement under schedule 2.

Hon. Mr. LESAGE: I am not talking about schedule 2.

Hon. Mr. BONNER: But I am.

Hon. Mr. LESAGE: There is no reference to schedule 2 in paragraph 5.

Hon. Mr. BONNER: Schedule 2 is nevertheless part of the agreement.

Mr. HENDERSON: The minister has asked you about the section.

Hon. Mr. BONNER: When you are asked to consider a section of the Civil Code, you have to base it on a lot of practical experience.

Mr. HENDERSON: Do you think that the Kaiser Corporation thought that this was a binding agreement on which to base their actions?

Hon. Mr. BONNER: I presume they placed certain reliance upon it because, according to my understanding, they are performing a certain amount of engineering studies at this point.

Mr. HENDERSON: I refer to page 6 of the agreement, and I read:

...at a point or points on the system of the Bonneville Power Administration at the boundary between Canada and the United States of American electrical energy equal to twenty per centum (20%) of the kilowatt hours which could be generated at downstream plants of the federal government of the United States from the net storage created by the dam;...

What do you understand by equal to "20 per cent"?

Hon. Mr. BONNER: Equal to twenty per cent? That is contemplated, and the explanation for it is in schedule 2. We anticipate that provided there is a development of this project, then some suitable agency, possibly the British Columbia Power Commission, would receive at the Canadian border free of cost the amount of electricity that was generated down the Columbia below the American border as a result of the storage created on the lower Arrow lakes.

Mr. HENDERSON: What confuses me is on page 12, the first paragraph.

The CHAIRMAN: Page 12 of what?

Mr. HENDERSON: Page 12 of the brief, which reads as follows:

Moreover, since the interim agreement with the Kaiser Corporation contemplates the importing of power by the province of British Columbia from the Bonneville Power Administration, and since the export of power from the United States is subject to the control of the Federal Power Commission of that country, it would naturally be a condition precedent to any firm arrangement with the Canadian Kaiser Corporation so far as the storage of water is concerned that the Bonneville Power Administration and the province of British Columbia enter into firm arrangements whereby the province will import, free of cost, not less than 20 per cent of all the power generated on the Columbia below the Canadian border as a result of the storage created upon the Arrow lakes."

I was wondering. When you prepared your brief, you found there were other matters which you are amending by having a further contract. Have you contemplated receiving more than 20 per cent? Because I notice here you said not less than 20 per cent.

Hon. Mr. BONNER: Subsequent to the signing of the interim agreement my advice is that a discussion between Kaiser engineers and officials of our government indicated a possibility of an arrangement involving firm power which would have the effect of giving us a return greater than 20 per cent free of cost which was contemplated in the agreement. That is a matter which would have to be gone into further, when the conditional water licence itself would be under examination.

Mr. HENDERSON: It was necessary for Kaiser to make a deal with the Bonneville Power Administration which I understood from your report has not yet been made. In as much as Kaiser, as the promoter, is making the investments it receives 40 per cent of the power. Did you ever put up a proposal to the Bonneville Power Administration that they themselves do it and that you split on a 50-50 basis right across the line there?

Hon. Mr. BONNER: That proposition, I think, would not be possible in the circumstances of the Columbia.

Mr. HENDERSON: You mean geographically? I am just asking you a question. Did you ever approach them?

Hon. Mr. BONNER: We have made no approach to the Bonneville Power Administration. The fifty per cent idea is predicated upon certain investments by the up-stream parties, and we have not in contemplation any connection with this proposal in the lower Arrow lakes, the investment of monies by British Columbia.

Mr. HENDERSON: On January 6th, Mr. Sommers said that British Columbia would build the dam. Have you anything in mind today? Is that still government policy?

Hon. Mr. BONNER: In examination of certain of the financial possibilities for the constructing of the dam at the lower Arrow lakes, study has been given to the possibility of financing the undertaking by the British Columbia Power Commission, and by that means enhancing to some degree the financial aspects of such a proposal.

Mr. HENDERSON: Let us get back to Kaiser. You have not answered my question as to why Kaiser did not interest you at all. He gets 40 per cent. I was wondering. He has not been able to make a deal with Bonneville. Why is he in the deal?

Hon. Mr. BONNER: Presumably it is attractive to Kaiser, or they would not have made any offer.

Mr. HENDERSON: Why should it not be attractive to the province of British Columbia? You can borrow money much cheaper. I know from some financial statements that it cost them 7 per cent, and it would only cost you perhaps 4 or 4½ per cent.

Hon. Mr. BONNER: Our studies indicate that if the development of storage involving a provincial investment were embarked upon, the net result would be less advantageous to the province than the arrangement which has been proposed to us.

Mr. HENDERSON: That is just a study. I was wondering who made those studies or who determined it?

Hon. Mr. BONNER: Our departmental people were looking into the thing from a dollars and cents return on it, also the Deputy Minister of Finance of our government and these conclusions were arrived at at that level.

Mr. HENDERSON: In other words, they decided following the announcement of January 6th that it would not be very good for British Columbia to go into this. Is that correct? I read a statement somewhere or a clipping where it mentioned that British Columbia would build it. I think it was on January 6th, when Mr. Sommers said that probably they would build it.

The CHAIRMAN: At this point, gentlemen, in order to make the record clearer, perhaps you might ask the minister what was his reason for the last statement? What was the motive behind the last statement that it would not be just as advantageous.

Mr. HENDERSON: Yes.

Hon. Mr. BONNER: Just appraising it from the financial point of view it would appear that based on existing factors, if we were to go into a 50-50 arrangement involving the Bonneville Power Administration, and taking into account the investment which would be necessary, the net return to the province would be about \$112,000 per year; whereas, in terms of revenues to the government under the proposal which is before us, the return would be probably not less than \$2 million per year.

Mr. HENDERSON: I think General McNaughton's summary of this would show that you should get about \$60 million.

Hon. Mr. BONNER: I am speaking of such factors as the value of the electrical increase in our country and the value of the return to us which would be correspondingly improved.

Mr. HENDERSON: It would be a good investment a few years from now.

Hon. Mr. BONNER: Who can tell!

Mr. HENDERSON: I think so. I do not like to take you back to the agreement again, but who is going to pay for any damage done through flooding, or through somebody falling off the dam, or something like that.

Hon. Mr. BONNER: The enterpriser erecting the dam has that responsibility.

Mr. HENDERSON: What about indirect damages to people losing employment in the district? Who would pay that?

Hon. Mr. BONNER: It is not anticipated that such a result attends this proposal.

Mr. HENDERSON: Have you made a survey of it?

Hon. Mr. BONNER: Yes. That is a matter of some study in the department, I understand.

Mr. HENDERSON: What I was going to suggest to you sir is this: where in the agreement does it say that the constructor of the dam takes charge of any damages which arise from the construction of this dam?

Hon. Mr. BONNER: There is a provision in our Water Act under which the application for a conditional licence takes place.

Mr. HENDERSON: Does it cover conditions which might arise such as negligence, damages, acts of God, or anything like that?

Hon. Mr. BONNER: It covers apparently all acts except acts of God and of the Queen's enemies.

Mr. HENDERSON: I take it that your legal opinion is quite the contrary to that of Mr. Varcoe's. Is that correct?

Hon. Mr. BONNER: I would not say so. What opinion are you speaking of?

Mr. HENDERSON: Mr. Varcoe's opinion in his statements made before this committee.

Hon. Mr. BONNER: I cannot answer a general question like that. If you direct me to a specific opinion, I might be able to offer a view on it.

The CHAIRMAN: Now, General Pearkes.

Mr. PEARKES: Some of the questions I was going to ask have already been replied to. I shall endeavour not to put questions which will require a mere repetition in their answering, although perhaps the first question I shall ask may require a little repetition. I refer to page 30 of the brief presented by Mr. Bonner in which he said:

"...the Mica dam and Arrow lakes storage, which properly go together."

Is the committee to understand from that statement that the dam built at the lower end of the Arrow lakes would have no effect on the storage above Mica Creek?

Hon. Mr. BONNER: That is the opinion held by our officials and by our government, sir.

Mr. PEARKES: Regarding storage in the Arrow lakes, if a dam is built at Mica and if the surplus water is diverted into the South Thompson, is there enough water flowing into the Arrow lakes from the streams and other sources downstream on the Columbia from Mica to be able to retain storage of approximately the three million acre feet which was suggested? Have you any idea as to how much water is draining into the Arrow lakes itself?

Hon. Mr. BONNER: I could answer that best sir, by referring you to the schedule which I believe General McNaughton introduced when he appeared before this committee earlier. I made reference to it this morning. I think it is schedule 7. Pardon me, it is table 7 on page 71. I referred to it in a technical sense. The operation of turbines at full energy during the period of storage in the immediate area would require eighteen million five hundred thousand acre feet of water.

Our view is that any storage proposal on the lower Arrow lakes would not be in addition to that dedication, but would be included within it. That is the salient point in this connection; that the lower Arrow lakes storage does not require more water than is presently available and dedicated at the present time.

Mr. PEARKES: Have you any idea of the amount of water which drains into the Arrow lakes other than that which goes directly into them through the Columbia?

Hon. Mr. BONNER: May I ask Mr. Paget to speak to that.

Mr. PAGET: Mr. Chairman, we have given some study to the matter of the Arrow and Mica reservoirs. There is an equal amount of water originating to each from their local area. That is the inflow to Arrow Lakes from below

Mica is about equal to the inflow to Mica. Until the matter of the previously discussed diversion was brought forward very suddenly and recently, there had seemed to be no particular problem with reference to the availability of water for the Arrow lakes, inasmuch as ample water originated below Mica creek. However we have carried our study through to show what water does originate below Revelstoke, and we find that there is sufficient water to fill the Arrow lakes storage which originates below Revelstoke and that it would be approximately three million acre feet.

Mr. PEARKES: Then the Mica creek development would not affect any agreement which might be made with the Kaiser company to supply three million acre feet of storage?

Mr. PAGET: That is quite correct, because there is an understanding on the technical level that Kaiser recognizes that any storage that might be created in the Arrow lakes is apart from the control of BPA storage, and it is not incorporated in its administration.

Mr. FULTON: What does BPA mean?

Mr. PAGET: Bonneville Power Administration. They do not build dams. They organize and operate power utilities constructed by other agencies such as the corps of engineers. It is recognized that if three million acre feet are stored in the Arrow lakes, and if the need might be for eighteen million five-hundred thousand acre feet, then BPA and Kaiser will recognize that that three million acre feet is part of the eighteen million five hundred thousand acres feet.

Mr. PEARKES: So the water which has been referred to as dedicated to the Kaiser company would still be available, no matter where Mica was built, or no matter where the water was diverted?

Mr. PAGET: Apparently it has already been admitted by BPA that storage would be more advantageously placed in the BPA system on the Arrow lakes than possibly further downstream.

Mr. PEARKES: Then could you tell me the height to which a dam at Murphy creek would have to be built if it was to flood the area which was indicated on the aeroplane map yesterday showing the flooding of Castlegar and that general district? Upon what height of dam do you base the estimate of that flooding area?

Mr. PAGET: In the transcript that we have studied there have been several proposals concerning Murphy dam and the one which seemed to be most completely discussed was one which insisted on storing 4 million acre feet and we could only translate that into the elevation of a dam that actually would store 4 million acre feet. And we found that the crest of such a dam would have to be very close to 1417 feet which is considerably higher than the natural high water elevation of Arrow lake. We recognized a certain discomfort would occur by wave action around the perimeter of the lakes and the red line was accordingly placed at 1422, which is 5 feet above the static high water elevation necessary to impound 4 million net acre feet of storage in Arrow lake, behind a Murphy dam.

Mr. PEARKES: That is not the height of the dam but the elevation of the dam above sea level. I want to get the height of the dam if one is built at Murphy Creek.

Mr. PAGET: Yes. That would be about 86 or 87 feet, bringing the height of that dam to 1,417.

Mr. PEARKES: Now, what is the proposed height of the Castlegar dam?

Mr. PAGET: Somewhere slightly higher than 30 feet, but that has not been established because we have not determined the high water elevation so I could not say with any degree of accuracy.

Mr. PEARKES: The fall of the river between Castlegar and Murphy creek is approximately what?

Mr. PAGET: It would vary at periods of the year, but say 35 feet.

Mr. PEARKES: 35 and 30 feet is 65 feet and the Murphy creek dam would really be 15 feet above the top of Castlegar dam in order to produce a flooding which you have suggested.

Mr. PAGET: That is substantially correct except that I still have not established an elevation on the Arrow lake.

Mr. PEARKES: Approximately.

Mr. PAGET: 4 million acre feet would carry the Columbia flooding almost to Revelstoke.

Mr. PEARKES: Why is it desirable in the one case to have approximately 3 million acre feet and in the other case 4 million acre feet. Could you not have a lower dam at Murphy creek which would back the water up to the extent of 3 million acre feet rather than building a higher one at Murphy creek to back the water up to the extent of 4 million acre feet?

Mr. PAGET: Yes, sir. I partly explained that or attempted to this morning. Our observation is that a dam storing water to somewhat over 1,400 elevation on Arrow lake as proposed at present for the Castlegar dam and storing about 3 million acre feet can be supplemented by a much lower elevation dam at Murphy creek which does not store any water. If you have to go to 1,406 or 1,408 at Murphy creek with a single storage and power dam you would back water over a considerable portion of that area, and you do not acquire much greater balance in regard to power when the reservoir is pulled down and the head at the Murphy creek dam site is lowered the balance of power as I told you before was about 7,000 kilowatts deficiency on a possible generation of 140,000 kilowatts.

Mr. PEARKES: Then do I understand from that that in your opinion it would be more economical to build a lower level dam at Murphy and not have the same extensive 4 million acre backup of water?

Mr. PAGET: Some of these things I cannot speak of because they have not been before me and some of them are a matter of economic study. It is not feasible at the present time to build any dam at Murphy for power purposes. By the time suitable regulation does come into being on the Columbia a great deal of the cost for the storage which might be built now, would be washed out, and further, a lower head dam at a later date at Murphy creek would be quite a lot cheaper than the proposed high dam there. The balance of economics would have to be studied, but the high head dam at Murphy is not practicable until full regulation has been effected on the upper Columbia at Mica and upstream points.

Mr. PEARKES: When Mica has been developed have you made any estimate as to the cost of power which might be produced if Murphy creek were built on a low or high level basis?

Mr. PAGET: Yes, to a degree. I do not like to quote those costs. They are excessively high and presently not attractive with the large potential of the Pend d'Oreille river when Waneta No. 1 and No. 2 could be further developed in the aggregate of about 800,000 horsepower. No company would turn to a high cost site at the present time when a low cost site is available in the same vicinity.

Mr. PEARKES: Could you give us any idea of the cost of power which might be produced at a low or high level at Murphy creek?

Mr. PAGET: I must avoid that question, General Pearkes, because never have we really gone far enough to find out whether a dam could be built at Murphy creek. Until we get something a little bit better we can hardly make an estimate of what the cost might be. The whole thing is too indeterminate at the present time. It would be very high, I feel.

Mr. PEARKES: Higher than the cost of power now being sold in that area both on the Canadian and American side of the border?

Mr. PAGET: Oh yes. Much higher. That is the most attractive power position of any part of British Columbia. The Consolidated Mining and Smelting Company went in a long time ago and developed their plants when things were in their favour. We consider it to be the best power location in British Columbia.

Mr. PEARKES: You have no idea as to the cost of power produced now. I am trying to get a comparative cost of the power now and the cost of power which might be developed if Murphy creek ever went in. You say it is much higher, but I want to get some idea of the extent. Much higher is hardly definite enough.

Mr. PAGET: It is possible that Consolidated are getting power below the two mill rate of B.A. because of the time and condition under which they developed their scheme. Certainly in the United States they are getting their power for 2 mills. I would be very surprised if you could develop power at Murphy creek even later on, for under the 7 or 8 mills that is suggested as the cost of thermal power.

Mr. PEARKES: Thank you. That gives me the comparison I wanted. I believe Mr. Bonner said this morning that the power was being produced between 1½ and 2 mills south of the border, and now the suggestion is it may come to 7 or 8 mills if produced at Murphy?

Mr. PAGET: For just that one block.

Mr. PEARKES: Yes. That would mean that the development at Murphy creek is not economically sound, would it not? You would not be able to sell your power?

Mr. PAGET: That does seem to be our opinion from the studies we have been able to carry on. We feel the sequence of these developments must be Mica with generation, the Little Dalles and Priest Rapids, or Downie Creek, which are the developments downstream from Mica, the development of Waneta plant as I said to 720,000 horsepower of immediately developed potential, the final storage of Kootenay lake with improvements to the west Kootenay plants, and last of all, Murphy appears to be the last development on the Columbia river in Canada.

Mr. PEARKES: Can you forecast any time that this development might go ahead? What I mean, take for instance, Mica; when is it possible for Mica to start and when perhaps be completed?

Mr. PAGET: There is a preliminary design which would require a great deal of expansion and I could not say with authority, but from the day started it would probably be 10 years before completion and put into operation. It would be a very majestic dam, one of the largest in the world and it would not be built in a short time.

Mr. PEARKES: It would take approximately 10 years after the green light is given to construct Mica?

Mr. PAGET: Yes, in my estimation.

Mr. PEARKES: Now, regarding the Kaiser dam how long would you estimate that might take for construction?

Mr. PAGET: Possibly two years.

Mr. PEARKES: Two years?

Mr. PAGET: About two years. It is much simpler.

Mr. PEARKES: The Castlegar dam is then something which, provided a permit was issued, could be started almost immediately?

Mr. PAGET: I should think so. Immediately being a matter of months, and favourable decisions in regard to all conflicting interests such as the Dominion government, Department of Public Works and Agriculture and other interests, when and if they appeared before me and I had heard all their positions. I would not know certainly until I had all the story.

Mr. PEARKES: But it is a project which could be constructed much more quickly, and regarding Murphy creek you suggest that would be the last one of all for which markets would be found for the power, and therefore would be delayed further before construction would be proceeded with.

Mr. PAGET: This is evidence and probably not admissible, but in a recent conversation with a power engineer he advised me that the present kilowatt installation of a low head plant such as Murphy would cost practically 10 times the cost of a plant with 15 to 20 times the head. In other words, Mica creek which should have 15 to 20 times the head would probably be not much over twice as costly from the power installation point of view. I am lost there. I am sorry. I will straighten that out. For very low head plants you need very large turbines and those large diameter turbines are very costly compared with the small diameter turbines you need for high head plants and your cost is not in relation to head directly. For an installation of turbines at Murphy it would have to have the very expensive equipment. Therefore, power companies would obviously look towards the higher head plants for their first developments.

Mr. PEARKES: Have you made any estimate of the damage which would be done by the flooding of the Castlegar district if the Murphy creek dam was constructed, the damage done to the area which would be flooded; have you any estimate at all?

Mr. PAGET: No sir. That is quite an elaborate and costly study and we are not a particularly large organization. But the relocation of railways in that area would be very costly. Most of them have come down close to the river because of the cliff conditions. If you had to push them up on the rock bluffs then it would be quite costly.

Mr. PEARKES: Have you any idea of the length of railway which may have to be relocated?

Mr. PAGET: It is approximately 30 miles.

Mr. PEARKES: That is very considerable.

Hon. Mr. LESAGE: Depending on the height of the dam.

Mr. PEARKES: Naturally. There is a considerable portion of the town of Castlegar included in that area. Is that a residential area or is it the business part of the town of Castlegar? Is it a low priced real estate area or is it a higher priced real estate area?

Mr. FULTON: There is no such thing as low priced real estate nowadays.

Mr. PAGET: There is associated in this area a very substantial mill enterprise worth approximately \$2½ million which would have to be relocated. Also a good part of the Castlegar town site and a potential industrial area would be put out of business and the possibility of further industrial expansion in that area would be very greatly curtailed. The area that is now available for industrial expansion is somewhat limited and very well occupied.

Mr. PEARKES: Thank you.

The CHAIRMAN: Before I pass to another member, the minister would like to clear up a point about a previous statement.

Hon. Mr. LESAGE: Mr. Bonner, I would like to clear up one point following questions asked by Mr. Henderson. May I draw your attention to page 12 of your brief. I am reading from line 5 of the first paragraph:

It would naturally be a condition precedent to any firm arrangement with the Canadian Kaiser Corporation so far as the storage of water is concerned that the Bonneville Power Administration and the Province of British Columbia enter into firm arrangements whereby the province will import, free of cost, not less than 20 per cent of all the power generated on the Columbia below the Canadian border as a result of the storage created upon the Arrow lakes.

To what extent is that statement in accordance with the last sentence of paragraph 9 of the memorandum of agreement which reads as follows:

In the event that the Canadian company is unable by reason of any law or by reason of any border or decree of any administrative body or official having jurisdiction in the premises, to deliver the power to Her Majesty, then during such period the Canadian company shall pay to Her Majesty monthly in lieu of the delivery of such power an amount equal to the value of the power not delivered such month; the value of such power shall be determined at the current rate then charged by Bonneville Power Administration for similar service.

Hon. Mr. BONNER: Your question is, to what extent it is consistent?

Hon. Mr. LESAGE: Yes. It is something I do not understand. There seems to be a contradiction.

Hon. Mr. BONNER: I cannot go along with you in that suggestion. In the first place you have got to recognize that this agreement is with the American Kaiser and Aluminum Corporation and it contemplates the establishing in Canada of a Canadian corporation which would thereafter deal with the province of British Columbia. Our view is that it would not be sufficient to rely upon the covenant of a corporation in regard to delivery, sale or importing of power from the United States, and in addition to the covenant which would be obtained and entered into by the Canadian corporation we would have a collateral agreement with the Bonneville Power Administration. The circumstance was contemplated which might arise at time of war in which event the province would naturally require that it be compensated for any interruption in the arrangement which would exist between the province and Bonneville Power Corporation.

Hon. Mr. LESAGE: That does not answer my question. In answering the question you have to say that the whole agreement is not binding on the province. We come back to it again. Is this binding on the province? I do not believe that your answer is satisfactory. If I may explain here, you say in your brief that you will now, before issuing that conditional licence, enter into a contract with the Bonneville Power Corporation and that is not mentioned at any place in the memorandum of agreement.

Hon. Mr. BONNER: With respect, Mr. Minister, when the question might have been properly asked was some months ago, but in any event it is mentioned in the agreement in schedule 2.

Hon. Mr. LESAGE: Oh no. May I draw to your attention that schedule 2 will apply only after the completion of the dam and prior to the completion of the U.S. federal downstream projects after construction.

Hon. Mr. BONNER: I cannot accept that version of the agreement.

Hon. Mr. LESAGE: If you will read schedule 2.

Hon. Mr. BONNER: The reading will not persuade me to accept your view.

Hon. Mr. LESAGE: Do you not agree to the words "after completion of the dam and prior to completion of the federal downstream projects under construction in the United States the amount of firm power to be delivered for the account of Her Majesty shall be determined in the manner set out above..." So, that the whole of schedule 2 will be useful only after the dam is completed.

Hon. Mr. BONNER: No, I do not accept that version at all.

Hon. Mr. LESAGE: What is the effect of schedule 2 in this last sentence of paragraph 9 and to what extent does it change its terms? I do not understand.

Hon. Mr. BONNER: I think that is apparent.

Hon. Mr. LESAGE: What did he say? I do not believe that there are many members of the committee who understand it.

Hon. Mr. BONNER: That is fine. If such questions were before the government of Canada you and I or some other members of my government might have had this discussion many months ago.

Hon. Mr. LESAGE: We did not know. We received a copy of the agreement because it was sent to us from Vancouver after it was tabled in the local house many months after it was entered into. I do not want to get into a political fight. The only thing I want to know is what is the meaning of the last sentence of paragraph 9 and how is it binding on the government of British Columbia in the light of paragraph 5 of the agreement?

Hon. Mr. BONNER: I have explained that. I think now for the third occasion, that the provision here is for compensation to the province of British Columbia or some appropriate agency of the province in the event of unforeseen interruption in the importing of power by the province.

Hon. Mr. LESAGE: Yes, or "by reason or any order or decree of any administrative body or official having jurisdiction in the premises". That is an officer of the United States federal authority or the Bonneville Power authority.

Hon. Mr. BONNER: The situation which was in contemplation there is one in which a war might come, and under those circumstances I can think that it is entirely likely that the Federal Power Commission of the United States would not permit the exporting of energy to what it would regard as a foreign country in those circumstances.

Hon. Mr. LESAGE: Suppose the Federal Power Commission would not permit the export of power for other reasons than war, would not the last sentence of paragraph 9 apply?

Hon. Mr. BONNER: Such a condition would not be of practical contemplation.

Hon. Mr. LESAGE: Is that your opinion as the attorney general of British Columbia?

Hon. Mr. BONNER: I am here as the attorney general. My interpretation which has been placed upon the entire agreement is contained in page 12 of the brief.

Hon. Mr. LESAGE: Then there are a great number of provisions in this agreement which you consider not binding on the province?

Hon. Mr. BONNER: My reply to that is that there are a great number of provisions contemplated in this agreement which have to be finalized and will become part of the water licence. That is a well known and well established practice in my province.

Hon. Mr. LESAGE: Might I take you back to paragraph 5 of this agreement.

Hon. Mr. BONNER: We have been over this before.

Hon. Mr. LESAGE: I am coming back to it.

Hon. Mr. BONNER: Mr. Minister, I have no objection to having a conversation with you, or with any other minister of the national government but I do think that this is a matter which the committee would want to question me on and if thereafter you wish to have conversations with officials of my government I think that would be an entirely appropriate time to do it.

Hon. Mr. LESAGE: I thank you for your politeness and cooperation and I am not surprised, but I did not get an answer to my question on paragraph 5 and I am afraid that you do not answer because you are not able to.

The CHAIRMAN: Now, gentlemen. Shall we change the climate for a minute?

Mr. CROLL: Mr. Chairman, may I have a word?

The CHAIRMAN: The C.C.F. group is next.

Mr. CROLL: Mr. Herridge suggested that I take his turn. Mr. Bonner, perhaps I can clarify part of the dispute. No matter what is contained in clause 9, and that is one thing which the minister has reference to, the last paragraph, the part about the portion in it dealing with power and compensation, but particularly the return of approximately 20 per cent of power was part of this agreement.

Hon. Mr. BONNER: This is the minimum percentage in contemplation.

Mr. CROLL: Whatever the minimum percentage is, whether it be 20 or 30, I stress that it is your own opinion—for which we have a high regard, despite what you said—that the Americans will not permit the export of that power to Canada.

Hon. Mr. BONNER: I think it is entirely likely that they would not.

Mr. CROLL: And that once the power is exported, as someone has said to me, you can whistle until kingdom come but you will not get it back.

Hon. Mr. BONNER: No. You are advancing on an entirely different front. My observation was a purely speculative opinion. It is set out in this brief that there is some possibility that an obligation to export power into Canada would not receive a favourable consideration by the Federal Power Commission. I would simply say this: that we would have to be assured on that point before this agreement developed, and that without adequate assurance of importing power into British Columbia there would be no agreement with anybody.

Mr. CROLL: Would it be enough for Bonneville Power Administration to give you that assurance, or would you not have to have it from a federal government authority beyond Bonneville in order to be assured that you would have it over a period of fifty years?

Hon. Mr. BONNER: I think it is entirely likely that an arrangement possibly involving high contracting parties to the Treaty of 1909 would be desirable.

Mr. CROLL: The Treaty of 1909 was made between the federal government of Canada and the United States of America.

Hon. Mr. BONNER: Perhaps I could take you back to indicate the practicability of what is involved here. The British Columbia Electric Company in my province has presently an arrangement with, I understand, the Bonneville Power Administration for the export of power from British Columbia into the Grid.

Mr. CROLL: Even so, something else has to be added. That is done on a trading basis.

Hon. Mr. BONNER: Yes.

Mr. CROLL: Just inside the grid.

Hon. Mr. BONNER: The grid is well known. I am thinking of the effect of exports.

Mr. CROLL: Sometimes it goes across the border and sometimes it comes into Canada.

Hon. Mr. BONNER: Conceivably it could; but the general direction has been export.

Mr. CROLL: It is done on a trading basis.

Hon. Mr. BONNER: The general direction has been export, so far.

Mr. CROLL: I do not know. You say that you do know when you say that the general direction has been export. But in any event, does British Columbia have the right to ask for and obtain power?

Hon. Mr. BONNER: Oh yes, I am speaking of events as they are.

Mr. CROLL: We listened to the premier of British Columbia the other day. He said: "I have high hopes of needing not only this power but a great deal more". You say on page 30 of your brief:

Knowing the strategic value of industry depending upon Columbia water power, the fact that we are delaying the development of hydro installation in the United States while we in Canada pursue a leisurely examination of our own resources can only cause our American friends understandable exasperation.

Hon. Mr. BONNER: Perhaps you had better quote from the brief.

Mr. CROLL: You also said there was a power shortage in the north-western states.

Hon. Mr. BONNER: That is in the brief.

Mr. CROLL: Dealing with the development, it is well known that the development in the United States came about as a result of power shortage. Is that correct?

Hon. Mr. BONNER: My understanding is that many of the strategic industries based on the power development on the Columbia face a critical shortage under the existing water which is available to them.

Mr. CROLL: Yes. You must have read that Mr. Kaiser said in Spokane in the early part of the year that this power would mean six hundred thousand jobs for the people in the northwest part of the United States. Would you disagree with that?

Hon. Mr. BONNER: I have no basis for estimating the economic effects of that situation.

Mr. CROLL: In discussing the aluminum future, Mr. Paley, of the president's materials policy commission of 1952, had this to say:

Much lower average cost of producing aluminum in Canada than in U.S., largely due to the abundance of hydro-electric power and suggested Canada as the chief future source of rapidly growing needs.

It is presently doubtful that much Canadian power will be available for use in U.S. in view of the establishment Canadian preference for exporting refined or processed materials rather than exporting the raw materials such as gas and hydro-electric power.

Do you agree with that pretty well?

Hon. Mr. BONNER: I do not know whether agreement is required in that connection. I would like to comment on it however. It is unquestionably true that Canada has much to look for in the development of industry based upon cheap power. But as I tried to indicate earlier in my remarks to this committee, the possibility of developing and utilizing power in this country depends on our access to markets other than those which presently exist in Canada. In connection with the Frobisher studies in the northwestern corner of British Columbia, a certain aluminum company in the United States expressed interest. Upon investigation that company found despite very excellent cheap power which would be available on the development of that project, that the price would not be sufficient to take the product over the tariff barrier which presently exists between Canada and the United States.

On that account we cannot consider the question of the proper utilization of power without at the same time considering the tariff situation and whatever arrangements can be made between Canada and the United States to get the materials which we produce, into that American market. It is artificial, I suggest, to narrow the view, and to say that we can produce power at "X" mill rate, and that it is cheap power.

Power alone is not sufficient for the development of our hydro electric energy in this country. We have to have with it large users of power with an assured access to world markets, and for present practical purposes the great world market is that of the United States. That consideration and the basic economic problem is at the root of the proper development of Mica; it is at the root of the proper development of the Taku; and the Yukon by the Frobisher people; and it is at the root of the development of all sorts of cheap power in Canada. I have referred only to two sites in British Columbia. It is in fact one of the great problems in connection with the Kitimat development which happily is taken place in my province.

Mr. CROLL: Speaking of exasperation, would you care to comment on this statement: these are our American friends who are a bit exasperated at us and who are very touchy about it. Would you care to comment about the American action of holding fire sales of primary products, cutting the price of wheat without prior consultation, closing out our dairy products, and probably limiting our export of oil and zinc. Who do you think ought to be exasperated? And in return for which we send them water which gives them power.

Hon. Mr. BONNER: We are sending over gas and oil too.

Mr. CROLL: Who do you think ought to be exasperated in that light? Those are facts which are to your knowledge.

Hon. Mr. BONNER: I have not studied that question in connection with Bill No. 3.

Mr. CROLL: You referred to exasperation. I am giving you the other side of it. You want to have both sides, do you not? You refer to the question of provincial rights, and that Bill No. 3, if passed, would effect, I believe, those rights. Through your general knowledge of geography, you know that we are not linked to the United States. What affect would there be on the provinces of Quebec, New Brunswick, and Ontario? I do not know about Saskatchewan.

The CHAIRMAN: Not Saskatchewan for power.

Mr. CROLL: These provinces would be affected in the same way.

Hon. Mr. BONNER: No, that is not correct.

Mr. CROLL: You say that is not correct?

Hon. Mr. BONNER: No.

Mr. CROLL: You say that your position is distinct from that of Quebec, New Brunswick, and Ontario?

Hon. Mr. BONNER: I am surprised at the question being raised because it is well known that the bulk of the international rivers, which would be affected by the provisions of this bill are in my own province.

Mr. CROLL: Of course, because you are probably the one with the greatest reservoirs of that sort of power in the whole of North America. You may assume that the same principle would apply.

Hon. Mr. BONNER: Let me answer you in this fashion: the principle that was applied to the wheat elevators, when they were deemed to be works for the general advantage of Canada, was the same in principle, and had the same effect in British Columbia as it had in Alberta, Saskatchewan, and Manitoba, the only difference being that we are not a wheat raising province.

Mr. CROLL: I am asking you whether from your own knowledge this Bill No. 3 is not applicable and has not the same application in the province of Quebec, and on the Saint John river, and in New Brunswick and in Ontario.

Hon. Mr. BONNER: I know very well what you are about here.

Mr. CROLL: Of course you do, and you know what the next question is going to be.

Hon. Mr. BONNER: Perhaps I might ask you to come to it directly and save time.

Mr. CROLL: Very well, I shall ask you the next question, and if you prefer not to answer it, all right, if that is the case: that Quebec, New Brunswick and Ontario are affected by the principle of the Act, so they would share your views as to provincial rights with respect to Bill No. 3?

Hon. Mr. BONNER: I have not consulted any of the provincial governments of Canada in connection with this Bill No. 3.

Mr. CROLL: Do you know that the chairman has informed them by sending them the bill and our minutes?

The CHAIRMAN: That is right.

Mr. CROLL: So at least they have been informed.

Hon. Mr. BONNER: I take it to be a matter of record.

Mr. GREEN: On a question of order, Mr. Croll has been talking about Ontario and Quebec. General McNaughton told us that there are no rivers concerned in Ontario and Quebec at all except a very small branch of the Saint John river in the province of Quebec.

Hon. Mr. LESAGE: You are under a misapprehension. All the rivers flowing into the boundary waters are concerned and that means that the tributaries of the Great Lakes are affected.

Mr. GREEN: Very few rivers in Canada are affected according to the list that General McNaughton gave us. There is not one in Ontario at all which is affected.

Hon. Mr. LESAGE: There were two lists supplied. One was the so-called international rivers, and the other was a list of the tributaries to the boundary waters which are affected.

Mr. GREEN: For all practical purposes British Columbia is the only province affected.

The CHAIRMAN: I do not think there is any point of order. Let us proceed.

Mr. FULTON: I see that it is now 5:30.

The CHAIRMAN: I do not mind sitting until 6:00 o'clock if you do not mind. Are there any other questions, Mr. Croll?

Mr. CROLL: Mr. Chairman, I am reminded and do not think that the list, Mr. Minister, is on the record.

Hon. Mr. BONNER: It is on page 21 of the first meeting; pages 20 and 21.

Hon. Mr. LESAGE: Pages 21, 22, 23, 24 and 25.

Mr. CROLL: Mr. Bonner; there is a considerable list in various provinces that will be effected by Bill No. 3 if it becomes law.

Hon. Mr. BONNER: I have already indicated my view on that. I do not think repeating the question will add anything to the committee's information.

The CHAIRMAN: It will be up to the committee to reach a conclusion on that. I do not think we can force the witness to say whether he thinks it applies to New Brunswick or to Quebec.

Mr. FULTON: Mr. Chairman, the list refers to pages 21 to 25 to boundary waters and not to international rivers.

Hon. Mr. BONNER: May I suggest for the information of the committee that Mr. Croll's question has to be dealt with in the light of a possible difference in provincial water laws in the various provinces, and I am not prepared to discuss this on that account.

The CHAIRMAN: It would only have an academic value anyway because we have no delegation from Quebec or New Brunswick to say whether they like it or not. They did answer in writing, and the answers indicate that they do not like the Bill. These letters will be found as appendices to the proceedings of the previous meeting.

Mr. FULTON: Perhaps they are content to let British Columbia carry the ball; I do not know.

Mr. CROLL: You told us earlier that there were some Canadian interests interested in Mica. I am not asking you to name those Canadian interests, but I assume you were referring to either the British Columbia Electric, Kootenay Electric, or "Smelters". I assume those are the Canadian interests. Am I wrong?

Hon. Mr. BONNER: In view of the fact that I declined to answer the question because it reveals a matter of confidence to my government I would observe that the honourable member can make whatever inference he wishes, but I will not confirm it.

Mr. CROLL: Let me follow it up. The negotiations started with Kaiser in November of 1953. I think we fixed that date approximately; it took place on September 17, 1954. From that day neither the British Columbia Electric, Kootenay Electric, or the "Smelters", all of whom you said were capable of undertaking projects, ever approached the government with respect to undertaking this project about which we are talking.

Hon. Mr. BONNER: I take it that is a statement, is it not?

Mr. CROLL: I asked you a question. Pardon me, yes, I asked you that question.

Hon. Mr. BONNER: May I have the question read back? It did not sound like a question to me.

The REPORTER: "Let me follow it up. The negotiations started with Kaiser in November, 1953. I think we fixed that date approximately; it took place on September 17, 1954."

Mr. CROLL: The contract was signed.

The REPORTER: "1954; from that date neither the British Columbia Electric, the Kootenay Electric, or the smelters, all of whom you said were capable of undertaking large projects, ever approached the government with respect to undertaking this project about which we are talking."

Hon. Mr. BONNER: I am not aware that any formal representations were made to our government by the companies mentioned during the period in question.

Mr. CROLL: Do you mind asking the Minister of Lands and Forests if any informal representations were made, or any suggestions made, or any interest indicated?

Hon. Mr. BONNER: I understand that there is a certain academic interest now that the matter has come to the fore, but I am not aware of any formal or informal representations.

Mr. CROLL: Before the signing of the contract?

Hon. Mr. BONNER: That is my advice.

Mr. CROLL: You say that is your advice.

The CHAIRMAN: Now, Mr. Fulton.

Mr. FULTON: Mr. Chairman, there are a number of subjects on which I would like to ask questions, but I shall try, in fairness to the other members, to deal with only one subject and then to defer, and possibly return to the other subjects at a later time and ask other questions.

I want to go back to this question of the exchange of information between the provincial and the federal authorities. I want to make clear the purpose of dwelling at some length on that question and it is this: there was created in my mind in any event—and I am under the impression, although I cannot speak for other members of this committee or of the House—I have the impression that there had been no real effort and consultation coming from the provincial authorities to the Dominion authorities, and that it was not understood by the Dominion authorities; and it was in that atmosphere that the discussion of Bill 3 to a large extent took place in the House and has taken place in this committee.

Speaking for myself, the effect of that impression was given by the evidence which we have heard here prior to yesterday and today, and it has been to suggest that there possibly was something disadvantageous from the point of view of British Columbia and Canada in the deal between, or the agreement between the Kaiser Corporation and the government of British Columbia; and the inference was created in my mind that the cause of that disadvantageous aspect was that the province of British Columbia avoided communicating in detail about the agreement to the federal authorities in order that it might be presented as a *fait-accompli*. I must confess that it created in my mind a very serious question as to the desirability of British Columbia—there was the impression that possibly this bill, if it was only a method of preventing the implementation of that agreement, would be a good thing apart from the constitutional question altogether.

Now, it is with that background in mind that I want to examine further this question of the exchange of information, because the evidence given yesterday and today creates an entirely different impression. I refer to page 245 of our proceedings. This I might say is only one of several similar passages in the evidence. I was questioning the minister, Mr. Lesage. Starting at the middle of the page:

Mr. FULTON: In considering these regulations and the basis upon which they would be enacted, to what extent as yet have you had consultations with any provincial government spokesman or provincial permanent officials?

Hon. Mr. LESAGE: Personally I have had none.

Mr. FULTON: You or your department?

Hon. Mr. LESAGE: We have not had any. As a matter of fact it was difficult to have any dealings in the case of the Kaiser dam, for instance. I do not know how we could have had any dealings with the British Columbia provincial government, we never were advised of the possibility of such an agreement.

I would ask the committee to note that particularly.

Mr. FULTON: I was going to ask the converse. To what extent were you or your department or to your knowledge any other agency of the federal government consulted by the provincial authorities before this deal was made?

Hon. Mr. LESAGE: The only agency which was consulted was General McNaughton who received a telegram dated the 17th.

Mr. FULTON: The day before?

Hon. Mr. LESAGE: No, the very day it was signed, a telegram from Mr. Sommers saying he intended to sign an agreement with Kaiser, and General McNaughton wired the following morning asking him to delay any decision until the studies were completed or were more advanced. The answer of Mr. Sommers on the same day was that—the agreement had already been executed. That was the only consultation that has been had. We were not consulted, and General McNaughton and his people who had gone to the province to let the provincial government of British Columbia know what was going on in their studies were never advised that a monkey-wrench was thrown in their plans or surveys.

Now, I emphasize particularly “we were never advised of the possibility of such an agreement. That was the only consultation we had had.” That referred to a telegram. Now, Mr. Bonner, we have had evidence this morning and certain documents have been tabled this afternoon that the officials of the Kaiser Corporation had come to Ottawa or had consultations with General McNaughton and other officials in May and June of this year. Am I correct in understanding the effect of your evidence to be that the two consultations were expressly recommended and requested by the provincial government?

Hon. Mr. BONNER: That is correct. You said May of this year. You mean 1954?

Mr. FULTON: Yes. Perhaps we could have that corrected in the record. Was it your understanding that as a result of such conferences and meetings that the federal authorities were fully informed of what was in the mind of the provincial government?

Hon. Mr. BONNER: It was our impression as a result of our discussions that the federal government was well aware by the due passage of information from the Canadian section of the International Joint Commission, and General McNaughton and certain of the officials noted on the memorandum of the 17th of June, 1954, the negotiations which have been discussed in this committee were certainly in an active state.

Mr. FULTON: Was it your intention and desire that the federal officials should be kept fully informed in the picture, would follow from these meetings which your government recommended?

Hon. Mr. BONNER: That was certainly our expectation and intention.

Mr. FULTON: I refer to page 257 of the minutes of proceedings of this committee and I read the following evidence of Mr. Patterson:

Mr. T. M. PATTERSON: I consider there has been complete cooperation apart from some person interjecting something about the Kaiser dam which we did not have the full information on from the provincial officials, and I do not know how much information they had either.

I may say that the impression in my mind was that the witness was suggesting that the provincial civil servants had not been kept fully informed by the provincial cabinet, but I may be drawing an incorrect inference from what Mr. Patterson said. And in his next answer in reply to Mr. Low—perhaps I had better read Mr. Low's question as well. It reads as follows:

Mr. Low: Mr. Chairman, let us go back to the 17th of September, which is when the agreement was signed with the Kaiser people. Now at that time was there any federal legislation to which the British Columbia government would be running counter in signing such an agreement?

Mr. T. M. PATTERSON: I don't know that there was any federal legislation that they would be running counter to, but they were participating with federal people in an investigation of the best way to develop the resources of that basin. The federal people were spending large sums of money and using technical personnel on those studies and it would seem that if they had a plan that they wanted to bring forward that it would have been brought forward and discussed at that official level with the engineers.

Now, Mr. Bonner, I would ask you if you care to make any comment on that evidence in the light of the evidence you have given as to the meetings in Ottawa in May and June, one of which at least was attended by Mr. Patterson, and in the light of the memoranda of those meetings which have now been tabled in this committee. I would ask you to comment whether or not in your opinion the provincial government did in fact bring forward the plans to be discussed at the official level with the engineers.

Hon. Mr. BONNER: The passage of information did not involve the committee level. In suggesting that the Kaiser officials consult with General McNaughton, our opinion was that the information was being passed directly to the top. And it would appear as well by the memorandum of June 17, 1954, which was tabled this morning, that certainly a very full discussion did take place, and that indeed the departments of government involved such as Northern Affairs and National Resources, Trade and Commerce, and External Affairs would likewise be brought into the picture.

Mr. FULTON: So that, so far as you and your government were concerned, you gathered that there has been every effort and every reasonable effort made to keep the federal authorities in the picture at all stages. Am I correct in saying that?

Hon. Mr. BONNER: In this respect we were following the same line of communication which had been set up and adopted by the province in previous years, that is, as between it and the federal government; and the province of British Columbia, I think, regarded General McNaughton as being the person who would be interested in matters affecting water resources.

Mr. FULTON: There has been some suggestion that even although you might have kept General McNaughton, and through him the other appropriate federal officials, advised as to your general intention, that although you may have kept them advised as to the general situation that an agreement was

in contemplation, you were somehow in order in this criticism, as I understand it. It had that effect on me; you were in error in concluding an agreement without some further discussion.

Hon. Mr. BONNER: I cannot admit that we were in error in concluding this interim agreement. My understanding is that much of General McNaughton's engineering and matters of that kind was done by engineers of the Department of Northern Affairs and National Resources.

Mr. FULTON: Yes.

Hon. Mr. BONNER: You can hardly assume that within the departments of government there is such a tight "compartmentalization" of information, and that the minister is not at all times kept fully informed on matters within his responsibility.

Hon. Mr. LESAGE: Not, when I am in the Arctic for two months.

Mr. FULTON: Even assuming for the sake of argument that it might have been wrong to conclude an agreement without further reference back to Ottawa—I am just admitting that for the sake of argument—I want to read to you a passage at page 12 of the memorandum of June 17. It reads as follows: this is a summary of conversations between General McNaughton and other federal officials and Kaiser Corporation engineers:

General McNaughton said he had discussed that in his talk with Mr. Miller. The data on the Columbia, obtained by surveys undertaken by agencies of the Canadian government, belongs to the Canadian government, and is available to the International Joint Commission. This data could not be made available to the companies without an order-in-council. Before asking that this information be made available, General McNaughton said he would have to know the precise position of the companies and the privileges to be granted and the commitments made by the British Columbia government in the matter. Before proceeding with any confidence, clearance from both the British Columbia government and the government of Canada would be needed by the companies.

Now, I ask you whether in considering the ordinary meaning of those words it would not be taken by the companies and by yourself on reading that memorandum which was made available to you if that meant that before the companies could come back to Ottawa and ask even for the release of engineering data they would require to reach some agreement with your government?

Hon. Mr. BONNER: That was frankly the view relied upon.

Mr. FULTON: Then I read further from page 12:

Mr. McCarthy said they would continue their negotiations with the British Columbia government.

In other words, General McNaughton knew the negotiations were continuing.

General McNaughton read from the notes of his telephone conversations with Mr. Miller and Mr. Stokes-Rees of 2 and 4 May, 1954, to make his position clear.

Mr. McCarthy said his companies should first clear matters with British Columbia; then make the necessary engineering studies, and afterwards present the matter to the other governments. General McNaughton said that Mr. Bennett and Mr. Sommers should be in possession of all the fact, and that a clear understanding should be reached with British Columbia and the government of Canada.

Taking that paragraph, do you agree it would be reasonable to infer from that that General McNaughton agreed that the companies should come back and reach an agreement with the province of British Columbia?

Hon. Mr. BONNER: Yes.

Mr. FULTON: And Mr. McCarthy said his company would do that?

Hon. Mr. BONNER: Yes.

Mr. FULTON: They made the agreement, and that would be compliance with that sentence.

Hon. Mr. BONNER: Yes.

Mr. FULTON: Then, "first make the necessary engineering studies?" I take it that is being done now?

Hon. Mr. BONNER: Yes. All this sequence of events is substantially in being at this point.

Mr. FULTON: Then, based on the memoranda, it appears here that the suggestions made by all agreed with General McNaughton as to how this matter should be proceeded with and carried out in every particular by the return of the company to the province of British Columbia to work on the interim agreement and engineering studies now in progress.

Hon. Mr. BONNER: That is the understanding we hold on this matter.

Mr. FULTON: It is now 6 o'clock.

The CHAIRMAN: If no one objects we will meet tonight at 8.15.

EVENING SESSION

The CHAIRMAN: Gentlemen, we now have a quorum. Mr. Fulton was proceeding at 6.00 o'clock and he still has the floor.

Mr. FULTON: Mr. Bonner, just before 6.00 o'clock I had been asking you a question with reference to the efforts made by the provincial government to keep the federal government informed as to the course of negotiations between your government and the Kaiser corporation leading to the signing of the agreement of September 17, 1954. I asked that question in the light of the statements in your brief at page 26, which I think it is fair to say came as a revelation, if not as a shock to this committee, in the light of the evidence we had heard from the federal government witnesses prior to your appearance here.

Now, following up that line of questioning I refer to the statement contained in your belief, just about two-thirds of the way down on page 26 as follows:

That General McNaughton knew that this matter was being broached is clearly evident in the Minutes of Proceedings before the External Affairs Committee of May 12th, 1954. I refer to pages 174 and 175.

At this point you will recall that I had made it clear that so far as I was concerned the statement that the federal government authorities were kept fully informed of the course of negotiations came as a great surprise. I was interested in that passage for the reasons I have stated, and I am interested particularly in the evidence given last year, nearly a year ago, before this committee to which you yourself referred, and which I find reads as follows. I shall now read from the bottom of page 175 of last year's evidence as follows:

By Mr. Green:

Q. I have seen a newspaper report to the effect that the Kaiser Company of the United States is planning to dam the Arrow lakes at some point. What are the actual facts about that proposal?—A. I cannot

give you a great deal of information on that subject. A report came out in the newspaper under date of the 22nd February (1954). I had been the previous day in British Columbia for consultation with the British Columbia committee on the Columbia. I had a very bad cold and I went up north to try to shake it.

I do not know if it would be in order, but perhaps I might be permitted to interpolate. General McNaughton may have had to go up north, and the Minister of National Resources and Northern Affairs seems to have gone up to the Arctic. Now they appear to take refuge in the fact that they were not on the spot when these discussions took place.

The CHAIRMAN: I doubt if that is the point. A question would be more in order.

Mr. BYRNE: It was not a polar expedition.

By Mr. Fulton:

I did not know about these conversations until I got back to Ottawa. Whatever announcement has been made, has been made by authority of the British Columbia government. I would say this, however, that the Arrow lakes are under study under the Columbia reference by our engineering board. We have gone quite a way and spent a good deal of money in investigating the possibilities of dam sites below Castlegar.

I take it that the reference is to the Arrow lakes dam and that it is subject to the agreement between your government and the Kaiser corporation.

Hon. Mr. LESAGE: No, it is to Murphy Creek.

Mr. FULTON: Somebody tells me that the reference is to Murphy Creek. I gladly accept the correction.

Hon. Mr. LESAGE: It is below Castlegar.

Mr. FULTON: If it is below Castlegar, then it must be Murphy creek. Now, continuing the quotation:

It was only when the urgency of this Upper Columbia site at Mica became apparent that we—and I was responsible for it—took the drilling crews off there and moved them to the north to finish the investigation of the Mica site. We are hoping to go back to Castlegar as soon as we have drilling personnel available. We will be going on with these investigations, as far as I know. It may well be that we might, if the British Columbia government come to some agreement with Kaiser (if they have chosen them as an entity to do certain work subject to certain conditions and certain privileges) the B.C. government have a perfect right to do it if they wish.

Q. The work cannot be gone on with until the International Joint Commission approves?—A. They could go on with an investigation. This is the reference under which we work. The text was agreed to by the federal government, with the government of British Columbia. It has almost the sanctity of a treaty. This provides that we should conduct the investigations and make a report. I believe that if British Columbia wanted the Kaiser firm to do this study we might be able to share the task in some way or other, and let them do some of it. If they have drilling rigs to move in there and advance our studies, we would not be averse to some help in the matter. We have a good deal to do.

And the evidence then continues. I do not want to be unfair in any way in this questioning. Other members may wish to refer to succeeding portions of the evidence, so I will stop at that point at this time.

Let me ask you this: in the light of the passage on pages 12 and 13 of the memorandum of June 17 to which I have referred, would you not agree that the evidence of General McNaughton given last year to this committee establishes two things: first, that if the British Columbia government was going to enter into an agreement with the Kaiser corporation, they had a perfect right to do so; and second, that before the Canadian government would make available to the Kaiser corporation for the purpose of its engineering investigations any information in the hands of the Canadian section of the International Joint Commission, that the Kaiser corporation would have to enter into a firm agreement with the British Columbia government?

Hon. Mr. BONNER: I would agree with you, Mr. Fulton. The practice has been heretofore that British Columbia has developed its own rivers. I drew the attention of the committee this afternoon to the Whatshan development which has taken place during the last four or five years, and Spillimacheen development which is current.

Hon. Mr. LESAGE: What did you read from page 12, Mr. Fulton.

Mr. FULTON: I read earlier from page 12 of the memorandum of June 17.

Hon. Mr. LESAGE: I want to draw your attention to the third paragraph on page 13.

Mr. FULTON: Would you like to read it?

Hon. Mr. LESAGE: You may read it if you will; I just wanted to draw your attention to it.

Mr. FULTON: You mean the third complete paragraph. It reads as follows:

General McNaughton said his own thought was that the views of the British Columbia government should be ascertained. It was important that the Canadian departments concerned should be informed of those views.

Hon. Mr. LESAGE: That was on the 17th of June.

Mr. FULTON: On the 17th of June, yes. I think it is fair to read that paragraph. I am not sure that I did not read it this afternoon. If I did not, then I should have, and I am quite willing to read it now.

I now refer you to page 12 and to a passage in the light of which I think that paragraph must be read as follows:

Before asking that this information be made available, General McNaughton said he would have to know the precise position of the companies and the privileges to be granted and the commitments made by the British Columbia government in the matter.

I stress the word "commitments", because I do not understand how you can make any commitments unless you have an agreement. There may be some other interpretation placed on those words, but I would myself be interested in knowing how you can make any commitments unless you do so in the form of a written agreement.

The CHAIRMAN: Is there any reason why you stopped before the last sentence of the same paragraph before proceeding on page 12?

Mr. FULTON: I think I read the whole of page 12. That has been read by myself previously this afternoon. I pointed out that so far as I could make out from the record available to us the Kaiser company and the British Columbia government has complied absolutely in the greatest of detail with the suggestions made by General McNaughton as contained in these two pages.

The CHAIRMAN: I did not question your right to arrive at any conclusion. I just wanted to make sure that the whole thing was in the paragraph.

Hon. Mr. LESAGE: Did you say you were drawing your observations from page 30.

Mr. FULTON: No. I had questioned Mr. Bonner and asked him whether he did not agree that, in the light of the suggestion from General McNaughton, contained in the memorandum before us, that his government and Kaiser Corporation had complied with the greatest particularity with the suggestions made by General McNaughton.

Hon. Mr. BONNER: Yes.

Hon. Mr. LESAGE: The British Columbia government did not do it. They did not advise General McNaughton after June 17.

Mr. FULTON: You will remember that General McNaughton suggested to the Kaiser corporation they should go back to British Columbia and clear matters with British Columbia which they did, and they obtained from British Columbia a statement of the commitments which the British Columbia government was prepared to make, and it was incorporated in the agreement of June 17, the doing of which was in accordance with the suggestions of General McNaughton, and then Mr. Summers wired General McNaughton on the 17th saying: in accordance with your suggestions, we are about to sign an agreement with the Kaiser corporation.

Hon. Mr. LESAGE: That is your interpretation?

Mr. FULTON: It is the interpretation of the British Columbia government. I do not wish to argue at this time. We are supposed to be questioning the witness.

The CHAIRMAN: Yes, and not make statements.

Hon. Mr. LESAGE: You were making statements; you were not questioning.

Mr. FULTON: At one point.

Mr. PEARKES: I am getting awfully confused. Who is the witness?

Hon. Mr. BONNER: The witness is just listening.

Mr. FULTON: I will proceed with the reading on page 175 of last year's proceedings of the committee. I do not wish to read the whole of the paragraph, and I think I am being fair in reading the last three sentences starting with: "I contacted the chief engineer at Kaiser's about the possibilities of the diversion of the river." So it establishes that Kaiser's and General McNaughton have been in consultation on this matter at the time this evidence was given of last year. This confirms the fact that many things and consultations were going on. "I indicated to him that we were always glad to talk to anybody who would help us make the investigations. I told him also that the matter of what privileges he would get for this work was a matter we should first settle with the British Columbia government, and not with me. That is the way it stands."

Now, Mr. Chairman, I do not like to question the record of the proceedings of this committee, but I suggest to you that it should read that: "I told him also that the matter of the privileges he would get for this work was a matter we should settle with the British Columbia government."

The CHAIRMAN: That is right. It was a printer's error.

Mr. FULTON: It was again made plain by General McNaughton a year ago that he suggested that the Kaiser Corporation should go back to the government of British Columbia and settle the question of what privileges they

would get for the work they were prepared to do. I would like to ask the witness at this stage whether it was on the basis of those passages as well as the memorandum of June 17th that the British Columbia government entered into the agreement of September 17, 1954.

Hon. Mr. LESAGE: The answer will be yes.

Hon. Mr. BONNER: The minister has just said I would say yes. So I should make a speech and confound him. In point of fact the contention of the British Columbia government is that the proposed development of the lower Arrow lakes storage is not different from the other developments which have taken place on the Columbia and those rivers tributary to it. The city of Nelson Power and Light, I think it is called, the West Kootenay Power and Light, the consolidated Mining and Smelting Corporation, our own British Columbia Power Commission in two specific instances have erected works on the rivers which by this bill would become international, and it has attached to it certain responsibilities. There has never been any question raised since Confederation of the province's right to continue to operate in the manner in which we have proposed to do in this instance and the examples of previous developments I think are proof of what I now assert.

Mr. FULTON: I do not think that you have answered my question actually, which was whether it was on the basis of those statements mentioned in your brief—I will not quote them—and the memorandum of June 17 that your government in fact felt that it was merely complying with the normal practices in reaching this agreement with the Kaiser Corporation?

Hon. Mr. BONNER: Certainly. As a result of the memoranda exchanged and received during 1954. I am not aware that we were under any question as to the propriety of proceeding.

Mr. FULTON: Thank you. Now, I have but one or two more questions and then I will give the floor to other members of the committee.

It has been suggested Mr. Bonner, notwithstanding the feelings of your government in the matter as to the propriety of the course you have pursued, that the agreement is not desirable from the point of view of the interests of British Columbia and of Canada. I am not asking you to agree with that point of view. I think that I am fair in stating that was a summary of the assertions which have been made. You have told us of the efforts you made to keep the federal authorities informed. I want to ask this specific question: would you be willing or can you give an indication of the attitude of your government on the question; would they be willing, if this bill were withdrawn temporarily, to have further consultation between yourselves and the dominion government officials, whether ministers or other officials of the federal government departments, on the whole subject of the proposed agreement with the Kaiser Corporation before taking any further steps on that particular arrangement?

Hon. Mr. BONNER: If the government of Canada would make such a proposal to the government of British Columbia I would be surprised if an amicable arrangement could not be worked out.

The CHAIRMAN: Mr. Jones.

Mr. JONES: Mr. Chairman, I just wanted to ask a few brief questions. The first one is: it seems to me we are putting the cart before the horse and dealing with a side issue of the whole problem. It seems to me that it is a constitutional problem so far; although we have several lawyers here none of them have spoken on that question. I would like to ask Mr. Bonner if by the purpose of this brief, which is a very good one and consiliatory, does he admit that the federal government in their stand on this bill are correct and that they have the prior right through the B.N.A. Act.

I would like to know if Mr. Bonner has an amendment to propose today, and in that event the committee may desire further representation from the government of British Columbia and I think on the constitutional question we should take advantage of the presence of Mr. Bonner to get the benefit of their views. That will ultimately be the question that will decide the issue of this bill.

The CHAIRMAN: Maybe the witness would like to answer before you proceed.

Hon. Mr. BONNER: In answer to the first question as to the prior right of the national government I can only say this that if the national government had the prior right before the introduction of the bill the bill itself would be unnecessary. Relating to that observation I must point out that the right, if any, conferred upon them—rather I should say the jurisdiction if any conferred upon the federal government by this bill has been touched on in my brief and it arises from a valid declaration by parliament respecting the types of work which are defined in the bill itself. The declaration, of course, is under section 92, (10) (c) of the B.N.A. Act and the effect of that declaration when applied to any work whether to a wheat elevator or anything else is in effect to take the works, the object of the declaration out of the jurisdiction concerned and in effect to place them under section 91 of the B.N.A. Act. If I could perhaps oversimply to illustrate my meaning, the effect of a valid declaration with respect to a work places that work in the same position as say a federal post office or an interprovincial or national railway. That is why I view with such concern the effect of the proposed passage of this bill upon certain of the regulations of the British Columbia Power Commission because in relation to those works one of which is in the course of construction and the other which has been constructed during the past 4 or 5 years, I feel that so little control would remain, or it could be argued so little control would remain, on the part of the provincial government as to effectively place those things out of the effective responsibility of that commission. That is an apprehension which I hold most seriously.

Mr. JONES: You fear that control would overlap the present works that are in the province?

Hon. Mr. BONNER: You see, the declaration applies to works heretofore or hereafter created.

Mr. JONES: I have just one further question. There is a paragraph on page 18 of your brief which reads: "But what is worse, the bill also prevents the provincial government from developing those water resources if the federal government does not see fit to do so."

When General McNaughton was before this committee he did not give us that impression, but rather he gave us one of co-operation by the federal government in developing these works. What is your reaction to that? The object of the bill is to assist rather than hinder the development of our natural resources.

Hon. Mr. BONNER: I am not concerned with views which are expressed and which are not contained in the bill. I have been asked to come here and to give certain views with respect to the bill, and although we have wandered far from the subject today when we come back to the subject at hand those views are contained in the last section of this brief, and that is the feeling which I have on it because as one who must advise his government, I must rely on the letter of the bill, and not—I was going to say something else—and not the rosy views which might surround its introduction.

Mr. JONES: On page 19 of the brief, you say that the bill is drafted in the skeletal form of the War Measures Act in which the heart and substance of the

bill is yet to be disclosed by the regulators of the Governor in Council. Would not those regulations of the Governor in Council follow a certain pattern with the protection of the natural resources of the province in view?

Hon. Mr. BONNER: I can only reply to you, Mr. Jones, by specifically directing your attention to section 3 of the bill which states that the Governor in Council may for the purpose of developing and utilizing the water resources of Canada in the national interest make regulations and then they are set out. Now, the words "the purpose of developing and utilizing" indicate a degree of positive intent which is not consistent with the notion which has been advanced in other quarters, shall I say, that merely veto control is involved. I think I have used the expression that this bill is wide enough to nationalize certain of our waterways in British Columbia and I must repeat that I think the bill is capable of doing just that.

Mr. JONES: Following the suggestion made by Mr. Fulton just now, would the provincial government, if this bill is withdrawn, be willing to come to Ottawa and come to a co-operative agreement regarding these waterways with limited control, or by both giving way for the best interests of Canada as a whole?

Hon. Mr. BONNER: Well now, Mr. Jones, I think you will appreciate that neither the government of British Columbia nor the government of Canada are going to allow any views to intrude—at least I hope not, and certainly not on our part—which would be against the national interest.

Mr. JONES: Co-operation between the two is possible?

Hon. Mr. BONNER: Not only is it possible but it is entirely desirable, and so far as I am concerned, co-operation has been most satisfactory in the past. Where the matter got off the track in this particular instance it is not for me to say. You can draw whatever conclusions you will from the material which is before you, but I am of the opinion that the government of British Columbia exercising its traditional and constitutional responsibilities with respect to its own natural resources can co-operate with the government of Canada from 1954 or 1955 into the future quite as effectively as it has done in the past and there is no problem, or there should be no problem, between the two governments that a five-minute chat would not resolve.

Mr. JONES: In that case, going back to the first remark I made, have you an amendment or a proposed amendment that would suit your point of view, that might be acceptable by the dominion government, and that would clarify the situation and place both governments in the right relationship regarding future developments? I do not know; I am just asking if you have, and I am wondering to what extent you would expect the dominion government to accept an amendment which would specify your position in the discussion.

Hon. Mr. BONNER: The answer to the first head of inquiry, I think, would be that the best evidence of co-operation in this matter would be the withdrawal of the bill. I can think of nothing which does not involve the withdrawal of the declaration contained in section 9 of this bill which would in any way be satisfactory to our government because of the very serious ramifications of that declaration if it is ultimately found validly applied under section 92—10 (C) of the British North America Act. I am sorry, but I have lost the thread of your second question.

Mr. JONES: In the event of the bill being withdrawn, or held up, would the provincial government be willing to withhold any contracts with Kaiser Corporation or any other contemplated contracts until some basic agreement has been reached between the two governments? It works both ways.

Hon. Mr. BONNER: I would like to see a positive proposal from the national government.

Mr. JONES: I see.

The CHAIRMAN: Mr. Low, do you wish to proceed now?

Mr. Low: Mr. Chairman, I have listened very carefully to the evidence that has been given and to the questions that have been asked, and I find that I am fairly well satisfied except for two or three questions the answers to which I am quite certain will tuck in my thoughts with respect to this bill.

Mr. Bonner in his evidence today has shown the committee, I think conclusively, that his government has gone ahead pretty much in accordance with long standing plans to do what they thought was the wise thing to do with respect to the development in at least one particular area of the Columbia river basin, but I would now like to ask these questions of Mr. Bonner: has the British Columbia government any time during the past three years—and I limit it to three years, because your knowledge of government affairs in British Columbia would not precede that time—refused to discuss with the federal government or any appropriate department of that government, either in whole or in part, the Columbia river basin program?

Hon. Mr. BONNER: Certainly not.

Mr. Low: Would your government have been ready at any time during the past two years to discuss fully with the federal government or an appropriate department thereof the proposed Kaiser storage project at the Arrow lakes?

Hon. Mr. BONNER: Yes.

Mr. Low: Has the federal government, or any department of it, at any time prior to September 17, 1954, expressed concern to the government of your province about any works or project along the Columbia river or any branch of it in your province?

Hon. Mr. BONNER: No.

Mr. Low: Are there other dams or works already built on the Columbia river or any of its tributaries in British Columbia, which do have downstream effects or implications in the United States?

Hon. Mr. BONNER: Yes, there are, Mr. Low and I named them earlier this evening. They are set out in the brief in the last section: the west Kootenay dams, the Washam installation and the Spillemacheen project which is presently under construction.

Mr. Low: Has the federal government ever expressed concern to your government about any one of them or threatened to bring in legislation to stop the works or these projects?

Hon. Mr. BONNER: No.

Mr. Low: I would like to refer you, Mr. Bonner, to page 26 of your brief, where at the middle of the page you state as follows: "My advice is that on May 2nd, 1954, General McNaughton had been in conversation with Mr. Rowland Stokes-Rees, vice president and manager of the Kaiser engineers, at Montebello, Que.; that on May 4th, 1954, one Michael Miller of the Kaiser Aluminum Company was in telephone conversation with General McNaughton on the subject of the Arrow lakes;"—and this is the part I am more particularly concerned about—"and, further, that on June 17th, 1954, a lengthy meeting took place involving Messrs. McCarthy, Dittmer, Krey, Stokes-Rees, Taylor, and Colonel Gerdes, representing Kaiser interests and General McNaughton and seven Canadian government officers, at Ottawa, in the course of which discussions clearly indicated the early possibility of an agreement with the province of British Columbia on Arrow lakes storage."

The question I have to ask in connection with that quotation is this. Do you know if any of the seven government officers mentioned were from the Department of Northern Affairs and National Resources?

Hon. Mr. BONNER: Relying upon the first page of the memorandum of June 17, 1954, which was placed in evidence this morning, the record indicates that Mr. T. M. Patterson of the Department of Northern Affairs and National Resources was present at the meeting to which you make reference.

Mr. Low: A little later on, Mr. Chairman, I shall ask the minister, Mr. Lesage, about that, but I will not stop here. Now, Mr. Bonner, I would like to follow up a question asked by my friend Mr. Fulton, a moment ago, but I will attempt a somewhat different approach to the subject. I approach it with temerity, but I am going to do it just the same. Would your government be agreeable to the fullest possible measure of discussion with the appropriate department of the federal government relative to the development of the Columbia river basin or any part of it?

Hon. Mr. BONNER: Certainly. The matter of some of these large developments in fact, as anticipated by Mr. Green, might very properly, in our view at least, form the basis of some joint investment program. In the past we have come to Ottawa with proposals of joint investment and to date, the results are not encouraging. However, we are a very optimistic province in the west of Canada, and we are not going to be discouraged by initial rebuff.

Mr. Low: Thank you very much.

The CHAIRMAN: Mr. Crestohl?

Mr. CRESTOHL: Mr. Bonner, you stirred the committee somewhat—in any event you stirred me with your frank statement a few moments ago, that you believe a five-minute chat between the two governments could quite possibly solve this problem. Could you indicate to the committee what you think the five-minute chat would be about, and what it would likely produce?

Hon. Mr. BONNER: I could not attempt an answer to that question without knowing with whom the chat would be held.

Mr. BYRNE: Santa Claus.

Mr. CRESTOHL: We are interested in finding a solution and if you had any thought in mind we would like to know what you think it would produce?

Hon. Mr. BONNER: I must preserve an air of coyness on this point. There are probably one or two people down here with whom a chat would be productive of results in five minute's time but that might not be universally true, and unless I know who would be chatting with whom, I must decline with thanks the opportunity to comment more fully on this question.

Mr. BYRNE: Mr. Chairman, Mr. Bonner said in a recent statement, I believe, in answer to Mr. Fulton that the Whashan and the Spillimacheen were comparable projects. Could Mr. Bonner tell me the approximate storage at Similkameen and/or Whashan?

Hon. Mr. BONNER: My remark in that connection, Mr. Byrne, is based on the conclusion that section 2(B) of the proposed bill would be effective in including the Whashan and the Similkameen development within the ambit of this proposed statute.

Mr. BYRNE: That is not quite the position that you took. You said that in the past all of these developments have been proceeded with without any question by the International Joint Commission or the federal government. My understanding of the reason for the bill was to assure that no projects would be undertaken that would substantially alter the flow of water across the boundary; that is, for the effect of giving any material benefits on the other side, or taking away any material benefits. My question was this: what is the amount of storage at Similkameen and Whashan?

Hon. Mr. BONNER: I wanted to give you the benefit of what was behind my earlier remark, Mr. Byrne. My advice is that the projects which I mentioned have at this point about half the storage of the proposed lower Arrow lake storage proposition—in other words, they had 1,500,000 acre feet, and in that connection of course there are no downstream benefits returned to Canada.

Mr. BYRNE: Would that be at Spillimacheen or Whatshan?

Hon. Mr. BONNER: Spillimacheen is about 200,000 acre feet; Whatshan is about 300,000, and Kootenay lake is about 1,000,000.

Mr. BYRNE: I was not referring to Kootenay lake. That was quite some time ago.

Hon. Mr. BONNER: It makes no difference in point of time.

Mr. BYRNE: Yes, it does. Kootenay lake storage was referred to the International Joint Commission.

Hon. Mr. BONNER: Yes, but without the necessity of assuming jurisdiction such as is contemplated by this bill.

BYRNE: But it was referred to the International Joint Commission.

The CHAIRMAN: We cannot hear you. Would you please speak a little louder, and would the gentlemen on the committee make less noise?

Mr. BYRNE: Mr. Fulton's line of enquiry would lead one to believe that when the delegation from the Kaiser Aluminum Company met General McNaughton and returned to British Columbia or to their various abodes, that there would be no further communication with the International Joint Commission until an agreement was signed indicating what the Kaiser Aluminum Company was prepared to do and what amounts of compensation they were to pay to the provincial government in the way of storage. Now is that entirely so or would General McNaughton not be justified in assuming that some sort of understanding—the arrangements were that they should be communicated to him before the agreement was signed.

Hon. Mr. BONNER: The jurisdiction which General McNaughton felt to be applicable in this situation, I think has already been placed on the records of the committee. In any event it would have been a very simple matter if those were the General's views to have communicated them to the government of the province of British Columbia because he did write to include the document itself.

The CHAIRMAN: What seems to worry Mr. Byrne is the fact that between July 17 and September 17 there seems to be a void.

Mr. BYRNE: Yes, I think General McNaughton and the Canadian government are justified in thinking that some further communication would have been forwarded to General McNaughton before the agreement was reached. Regardless of the way in which the lawyers might wish to interpret it, that agreement is binding, I am sure, upon both parties, and I am sure that any court of law would insist that an agreement is an agreement. This agreement had been signed by them; there had been no further communications. It is generally known that the Columbia valley reference—the studies on that reference—have been continuing since June 17 and until September when the agreement was signed. Is it not conceivable that the information derived from these surveys might have altered considerably the position that General McNaughton was to take when he has said in the memorandum which has been distributed that the Arrow lakes development must be taken in perspective and that it must be considered in the over-all plan. Is it not conceivable that further studies—in view of the fact that the American authorities had again introduced the question of the Libby dam, and that their position was

such as not to be prepared to grant any downstream benefits to Canada—might put a different light on the whole picture as to the arrangements that General McNaughton is able to make with the American section of the International Joint Commission? My question is, was not General McNaughton entitled to some further communication from the provincial government and Kaiser Aluminum before this binding agreement was signed?

Hon. Mr. BONNER: It could have been had for the asking.

Mr. BYRNE: I beg your pardon?

Hon. Mr. BONNER: Any further information could have been had at any time for the asking.

Mr. BYRNE: Certainly it could have been had for the asking, and we understand that the studies of the International Joint Commission have been forwarded on schedule to the British Columbia authorities as they have been prepared—as each section has been prepared it has been forwarded pretty well on schedule.

Hon. Mr. BONNER: My advice is that that information has been handed in en bloc. It is not progressive as it goes along.

Mr. BYRNE: A big block since 1944.

Hon. Mr. BONNER: One example of a block would be the Kootenay diversion, which was distributed following a press release which went out three days in advance of distribution.

Mr. BYRNE: You would hardly expect a rod man to be reporting every night. I believe the Deputy Minister of Lands and Forests is on the committee and I am sure the information is before him. I do not say he knew exactly about the Fraser river diversion as it was gone into.

Hon. Mr. BONNER: Mr. Byrne, I don't want to sidetrack you at all, but the views which have been expressed in that connection are set out in the brief and they have been set out with care and consideration of the circumstances as they are understood in British Columbia. I do not think I can elaborate upon them for you.

Mr. BYRNE: Well, you will admit this, then, that there has been no communication between the provincial government and General McNaughton between the time that this group met in General McNaughton's office on June 17 until the agreement was signed between the Kaiser Corporation and the provincial government?

Hon. Mr. BONNER: I will go further than that and say that the matter was not even raised by the responsible minister when he chatted with our prime minister in July.

Hon. Mr. LESAGE: Your prime minister did not raise the question.

Hon. Mr. BONNER: You had a very lengthy discussion, Mr. Minister. I do not think that the subject-matter was ruled out.

Hon. Mr. LESAGE: No, but I did leave Ottawa on the 17th of June and your prime minister did not mention that question. We discussed the Fraser; various matters were discussed. We discussed the Fraser project, but he never raised the question of the Kaiser dam.

Mr. BYRNE: If the minister wants to go further and say that there was even less communication, then that is all right with me, but I think General McNaughton did have an understanding when these facts were determined that there would be some further discussion with him.

Hon. Mr. BONNER: I think you will appreciate, Mr. Byrne, that I cannot comment on what may be in General McNaughton's mind. The memorandum sets out certain views in that connection which I believe Mr. Fulton drew to the attention of the committee.

Mr. BYRNE: He certainly came back with an agreement. This agreement with the Kaiser Aluminum Company would permit them to make use of the stored water and return 20 per cent of the power to the boundary line. I have had something to do with agreements and I find that it is the wording of the agreement which is considered at all times, not something which is said in the course of negotiation or discussion. When you are dealing with an agreement that is what usually determines the course of action. Mr. Bonner seems to be unduly injured in that the federal authorities and some members of parliament took exception to this agreement.

Hon. Mr. BONNER: I do not think it is proper, Mr. Chairman, for the member to attribute a sense of injury to myself. I do not think that I have indicated that.

Mr. BYRNE: It is quite obvious in the brief that you feel we have not properly interpreted this agreement. However, in this very interesting document under section 2, or the original section 2, there is a reference to an order in council. I know that this is a touchy subject for the provincial government. But it is order in council 422 approved on the 22nd day of February, 1954. Can you give us some idea as to what is in that?

Hon. Mr. BONNER: My recollection is that by order in council a reserve was placed on the general area that might be involved in such a project to prevent nuisance claims arising in that area by people coming in and establishing rights through application. That is the common practice when developments take place.

Mr. BYRNE: I presumed that was what it was. Section 5 of this agreement—my questions originally were intended to be based on section 5 and section 8. Would you say, Mr. Bonner, that when these words are set down specifically:

“Her Majesty agrees that within sixty days after the receipt of the application for a conditional water licence referred to in paragraph 4, Her Majesty will cause...”

Is that not almost the same as the lawyer's “shall” or “may”?

Hon. Mr. BONNER: You might use the word “offer” in that context.

Mr. BYRNE: I doubt that it will fit in there, “Her Majesty will offer”... The words are “will cause.”

Hon. Mr. BONNER: I say that you might properly use the word “offer” instead of the phrase “will cause to be issued to the Canadian company a conditional licence upon terms conforming to this agreement authorizing the company to construct the works referred to in paragraph 3 hereof...”

Mr. BYRNE: Can you tell me how you could conceivably abrogate that agreement if the company adhered to all of the conditions in paragraph 3? Just how would you go about it?

Hon. Mr. BONNER: A conditional water licence contains many provisions, the details of which of necessity cannot be spelled out in an agreement of this sort entered into, as it was, so much in advance of the deliberative proceedings under the Waters Act.

Mr. BYRNE: Does the Kaiser Aluminum Company not know what is in the Waters Act?

Hon. Mr. BONNER: They do not know what will be in the waters licence, which is a licence which can only be issued subject to certain hearings in which views are expressed and conditions imposed as a result of representations.

Mr. BYRNE: The only reason for which the provincial government leaves itself open to refrain from giving them this licence is that the Kaiser Aluminum Company must live up to the obligations contained in section 3. How do you propose to escape such a declaration?

Hon. Mr. BONNER: The problem here is no different than it is in connection with the Frobisher development where definitive engineering is going on at the present time in connection with the proposal which has been made to the government of British Columbia having to do with the lower Arrow lakes. The memorandum of intent simply sets out that a certain course of action is in process.

Now, if you want to characterize the agreement further, it is in fact a contract to make a contract, and that, in terms of enforceability, is a well known situation in the law which I do not have to spell out.

Mr. BYRNE: Wouldn't it have been satisfactory just to draw up a memorandum prepared for the consideration of the provincial and federal governments and let it go at that? Would that not have been sufficient to comply with the suggestion in this memorandum?

Hon. Mr. BONNER: What memorandum do you refer to?

Mr. BYRNE: The one of the 17th of June which was decided upon in General McNaughton's office when these boys were sent back to get the commitments. Wouldn't it have been sufficient then to say: this is a memorandum for consideration of the provincial government and for the consideration of the International Joint Commission, and of the federal government?

Hon. Mr. BONNER: I doubt if the International Joint Commission has jurisdiction in these circumstances.

Mr. BYRNE: I beg your pardon?

Hon. Mr. BONNER: I repeat that I doubt if the International Joint Commission would have jurisdiction in these circumstances. I think that the International Joint Commission is not concerned in these circumstances.

Mr. BYRNE: Is not concerned?

Hon. Mr. BONNER: Listen please: it is not concerned in these circumstances. You are speaking of jurisdiction. The federal government derives its interest in this matter as a result of the fact that the committee undertook certain studies through the agency of the International Joint Commission; and secondly, because of the jurisdiction vested under the Navigable Waters Protection Act. There has not been until the introduction of this bill any suggestion of a broader jurisdiction on the part of the federal government.

Mr. BYRNE: That does not answer my question. I simply asked you if you did not think that a five minute discussion you suggested to iron out these difficulties might not have been an appropriate one, and that in five minutes a memorandum might have been drawn up to the effect that the British Columbia government is willing to do this, and the Kaiser Aluminum Company is willing to do that, and trying to do it with the Bonneville Power Administration. Do you think that this form of agreement was necessary, or could you not say that just a memorandum would have been adequate in going before the International Joint Commission?

Hon. Mr. BONNER: Well, I cannot follow you when you say "in going before the International Joint Commission".

Mr. BYRNE: Well, you say in your brief that the power commission was instructed to go ahead with the "Whatsan" development, when a similar situation arose.

Hon. Mr. BONNER: No, please. I must ask you if you are going to repeat my words, to ask the reporter to read them back because I had a hard enough time to make a good statement without somebody else making it better.

Mr. BYRNE: Rest assured that I won't make it any better. I am having more fun in doing it in any event. You have stated that there is a similar agreement in effect with respect to the Frobisher investigation. Would it be possible to table such an agreement for the information of the committee?

Hon. Mr. BONNER: I have not got it with me. I would be very glad to furnish a copy if you would like to have it, but I would have to have it mailed from Victoria. I said it was tabled in our legislature during the last session.

Mr. BYRNE: If there is one in a similar form, which you used when the British Columbia Power Commission investigated certain areas, might it not be made available to us?

Hon. Mr. BONNER: The British Columbia Power Commission, as you know, is a wholly owned corporate body, and that of the provincial government. The Power Commission makes application under the Waters Act to the Department of Lands as a corporate entity in the same way that any one else does. I am not aware in connection with those applications of any prior memorandum of intention which has been necessary or has been established. They do not find themselves under the obligation of depositing any moneys with the provincial government to indicate the bona fides of their proposal.

Mr. BYRNE: I have one more question. Do you know if a delegation from the Kaiser Aluminum Corporation visited Ottawa on or about the 17th of September to discuss the question of the Kaiser dam?

Hon. Mr. BONNER: I believe there was placed in the record a memorandum indicating a meeting which was held on that date.

Mr. BYRNE: I understood there was but there were not enough copies.

Hon. Mr. BONNER: My information in that connection would be derived from the memorandum.

Mr. BYRNE: That is all the questions I have.

Mr. FULTON: I do not think the answer was complete. Did Mr. Bonner say that his information was that the officers or officials of the Kaiser Corporation did come down on the 17th? I have not got the memorandum either and I have not seen it.

Hon. Mr. LESAGE: There were six copies.

Hon. Mr. BONNER: I am at liberty to quote from this. I believe it is in the record. Mr. R. H. Stokes-Rees, and Mr. Taylor of the Kaiser interest met with General McNaughton on the 17th of September, 1954, to discuss the proposed Arrow lakes development. That is where our copy commences.

Mr. BYRNE: On September 17th?

Hon. Mr. BONNER: That is right. It would indicate the continuing nature of the consultations back and forth.

Mr. BYRNE: Was there any communication then between the two split-up delegations?

Hon. Mr. BONNER: I am not privy to communications which took place between the officers of the Kaiser Corporation.

Mr. BYRNE: Well, Mr. Sommers was apparently in conference at the same time with the officials in Victoria or somewhere. It struck me as unusual that one group would be down here discussing it with General McNaughton and an agreement was reached while such discussions were being carried on.

Hon. Mr. BONNER: I am not aware that that would be unusual, no.

Mr. BYRNE: I would consider it unusual whether you would or not.

Mr. FULTON: What is the effect of the memorandum?

The CHAIRMAN: The minister would like to say a few words.

Hon. Mr. LESAGE: I am wondering whether Mr. Bonner would mind reading from the last page of this memorandum or reading the whole thing into the record. This is in the record, but will take a few days for members to see it.

Hon. Mr. BONNER: I would be happy if Mr. Lesage would read it.

Hon. Mr. LESAGE: Your English is better than mine.

Hon. Mr. BONNER: I doubt that.

Mr. R. S. Stokes-Rees and Mr. Sydney Taylor of the Kaiser interests met with General McNaughton on 17 September, 1954, to discuss their proposed Arrow lake development.

Mr. Stokes-Rees advised that a field party of the Kaiser Engineering Company with Colonel N. O. Gerdes and Mr. Donaldson are beginning field investigations in the Arrow lake area tomorrow for the purpose of refining their previous report. The filed investigations will be carried out during the fall and winter and probably complete this aspect of the work by March, 1955.

Mr. Taylor said that they expected to be able to proceed with the construction of the dam if it were authorized by August, 1956.

General McNaughton said that he was interested to receive this information but that he was not prepared to offer any encouragement at this time because he felt that all possibilities for developing the full resources of the Columbia must be investigated before any decision could be given regarding a project which might prevent full development of the river at this location at a later date.

He went on to say that whether it would be possible to make use of all resources was not known but that investigations were now being carried out under the direction of Mr. Warren. These investigations had been delayed because it was necessary to complete studies on the Mica project which studies were now completed and it is once again possible to conduct the investigations lower down the river.

General McNaughton said that a report on the Mica dam had been made by a consulting engineering firm and that report was being checked against the report made by the Department of Northern Affairs and National Resources. He estimated that contract drawings might require a year to prepare before bids for the actual construction could be called. A saving of about \$150,000,000 had been made possible in the cost of the dam by changing the type from gravity concrete to rock fill. This change was desirable from a safety point of view as the project was in a zone of probable earthquakes and the flexibility of the rock fill will prevent any major failure that might occur if the dam were to be built of concrete. A failure of the dam which would release 15,000,000,000 acre-feet of water down the narrow valley would be a major disaster.

Mr. Stokes-Rees recalled that General McNaughton had said previously all information on all possibilities of development of the resources on the Columbia must be investigated before any decisions are taken. He asked who would be the agency that would undertake these developments. General McNaughton said that the resources belonged to the province of British Columbia but that he was in no position to say who would be the actual construction agency but that any announcement would likely come from the office of the Minister of Lands and Forests of B.C.

General McNaughton explained that the I.J.C. under the Columbia reference was required to investigate and make recommendations as to the development of the basin and if it was thought advisable the I.J.C.

might make an interim report recommending a specific project before the final report was issued, if the project was within the general pattern of development laid down.

Mr. Stokes-Rees referred to the Libby project and General McNaughton advised that the U.S. had been granted an extension of time for its statement in reply to October 1st.

General McNaughton suggested that the Kaiser people would be well advised to examine the statements in response of Canada and B.C. to the Libby application as the policy expressed therein was from a high level and would be applicable to projects such as the Arrow lake project envisaged by the Kaiser interests. He promised to send a copy of the statement in reply from the U.S. government when it was received.

Perhaps I might interpolate there for the further information of the committee that the province of British Columbia—and this is an excellent evidence of cooperation—has taken the view with respect to the Libby application that certain benefits should be conferred by the storage created and returned to Canada and that view is concurred in by the government of Canada and in any event it is certainly the view of General McNaughton. That is the same sort of thing which has been applied to the position of the lower Arrow lakes storage, the conferring of benefits back to British Columbia and Canada as a result of storage. The point of interest in this connection with Libby is this, that we are anxious—and I will confine my remarks to the province; others can speak for the national government—we are anxious that Libby not be proceeded with because the development of the Libby project destroys or diminishes the value which would otherwise pertain to the storage of water in Canada and particularly in Mica. In other words, to cope with the shortage of power in the United States, additional storage must be obtained so that certain power may be firmed up—I think that is the expression—in the installations along the Columbia. If we were to agree to that storage being created at Libby it would mean that our bargaining position with respect to our own storage would be diminished and I am grateful to know that the Honourable Mr. Lesage agrees with me.

Hon. Mr. LESAGE: And you should agree to our view on the Arrow lakes project. It would then take us only about 30 seconds here.

Hon. Mr. BONNER: It only illustrates how famously we can get along when we put our minds to it.

In any event that is the thinking of British Columbia in connection with Libby. I must observe in addition that the attitude of British Columbia is further established in connection with the storage of the Skagit which provides storage which is utilized by the city of Seattle in the generation of electricity in that region. That is a matter which was before the International Joint Commission and that was a matter also in which the principle of downstream benefits has been reached. Oddly enough notwithstanding the flooding of Canadian territory there, there is no agreement at the present time arrived at whereby British Columbia shall have returned to it benefits in the power as a result of the storage created and in fact we are left to work out whatever arrangements are appropriate in our judgment solely, and this is as a result of the order of the International Joint Commission with the city of Seattle in respect of that storage. There you see we have a consistent view being applied by the government of British Columbia in co-operation with the government of Canada with respect to the conferring of benefits back to Canada as a result of storage created in Canada. I can only say that in connection with the Skagit, when that notion of storage was applied by our government to that situation

I doubt that the shock and chagrin of our American neighbours has yet subsided, and indeed in enunciating that point of view—and I would not suggest that we do not enunciate it—very considerable distaste has been in evidence toward our representatives as a result of having broached that in that matter.

Mr. FULTON: On who's part?

Hon. Mr. BONNER: People in the Governor's Power Policy Committee in the United States. I think the atmosphere is now more congenial than it was some months ago, but I can tell you it was quite an interesting thing to observe and not an entirely comfortable one to observe.

Mr. FULTON: Were your government or the government of the province of British Columbia the first to put forward the idea in a concrete form that there should be some benefit conferred on the province of British Columbia? Was that put forward before it was asserted in connection with Libby by the province of British Columbia?

Hon. Mr. BONNER: I think, in fairness, the attitudes were expressed about the same time. I would not want to say which one came first.

To continue on with the memorandum:

Both Mr. Taylor and Mr. Stokes-Rees expressed their interest in the discussions that will centre around the problems presented by the Libby project.

Mr. Stokes-Rees promised to keep General McNaughton informed of developments in the Arrow lake proposal as they become evident.

And I understand that that further progress was reported upon.

Hon. Mr. LESAGE: Mr. Bonner, I believe that this document, you will agree, shows that it was not mentioned to General McNaughton by the representatives of the Kaiser Corporation that other representatives of their company were at that time signing an agreement on that very question?

Hon. Mr. BONNER: I must say that the memorandum does not refer to the Arrow lakes agreement.

Hon. Mr. LESAGE: It refers to the Arrow lakes project, though, does it not?

Mr. BYRNE: Yes.

Hon. Mr. BONNER: The document speaks for itself.

Hon. Mr. LESAGE: And then it wanders about on various subjects. I intended to ask you the following question. A few moments ago you said, in talking about the memorandum of agreement, that this is a contract to sign a contract or some similar words, or to make a contract—

Hon. Mr. BONNER: Yes, a contract to make a contract.

Hon. Mr. LESAGE: And then you went on to say, and I am not quoting your exact words, that you did not want to elaborate on the effects or the ramifications of such a contract. I would like to have you tell me, if you do not mind, what is the effect of the contract which you have described as being "a contract to make a contract"?

Hon. Mr. BONNER: The immediate and concrete effect is that Kaiser in that agreement have indicated an undertaking to do certain engineering work in the penalty of forfeiting certain sums if the works are not carried out within certain periods. You appreciate of course that the American corporation that entered into that agreement was under obligation to form a Canadian corporation which would then have the responsibility of carrying out the balance of the agreement.

Hon. Mr. LESAGE: That is one of the conditions?

Hon. Mr. BONNER: Yes, and the extent to which the Canadian corporation which was contemplated can be bound by another legal entity prior

to its coming into being is, of course, determined by a well-known proposition of law which is the basis for my saying that apart from the specific obligations to do certain engineering the rest must perforce be a memorandum of intent.

Hon. Mr. LESAGE: Mr. Bonner, it is a contract to make a contract. If on the one hand the Kaiser Corporation of America fulfills all the obligations under that contract to make a contract, and they express their wish to make such a contract according to this memorandum of agreement, do you not agree that the province of British Columbia is under obligation to make that other contract?

Hon. Mr. BONNER: We are under obligation to do the sort of things which we do in the issuing of a conditional water licence in the normal way.

Hon. Mr. LESAGE: I meant that you are under obligation to fulfill the obligations that are mentioned in this memorandum of agreement?

Mr. FULTON: Mr. Chairman, for the benefit of the record—

The CHAIRMAN: Please let the witness answer before you speak. Give the witness an opportunity to answer.

Hon. Mr. BONNER: I have endeavoured, Mr. Chairman, to indicate in terms of our practice in British Columbia what the effect of this agreement is, and that is set out in the brief. Now, I cannot add usefully to that.

Hon. Mr. LESAGE: I am not asking what the practice is. My question is very simple. If the company lives up to its obligation, is the government of British Columbia not under obligation to live up to the terms of the memorandum of agreement? That is my question.

Hon. Mr. BONNER: The government of British Columbia is under the obligation which I have set out in the brief, and I cannot pursue it further.

Hon. Mr. LESAGE: But do you not agree it is under obligation to fulfill the terms if the company on its part has fulfilled its obligations?

Hon. Mr. BONNER: Mr. Chairman, this has already been discussed at length, and I cannot add to what I have already said.

Hon. Mr. LESAGE: Do you agree or not?

Hon. Mr. BONNER: I have agreed with the version now placed in the brief and I direct your attention to it in answer to your question.

Hon. Mr. LESAGE: All right; Mr. Bonner. Would you point out to me what is the escape clause under which you would be allowed not to live up to your obligations under this agreement?

Mr. FULTON: Is there any desire not to live up to them?

Hon. Mr. BONNER: The fact of the matter is that in spelling out the terms and conditions which are dictated and considered desirable as a result of public hearings—we find those incorporated in the conditional water licence,—the company is under no obligation to accept that water licence, and those conditions must be acceptable to the company before the matter comes to fruition, but I do not suggest that the obligation of the province with respect to preserving certain basic propositions affecting the welfare of the province is diminished by the fact of this agreement. In other words, we can and do place in our water licences conditions which could not be contemplated at the time when the original application for that water licence is made.

Hon. Mr. LESAGE: Consequently under this agreement, and even if it lived up exactly to the conditions of this agreement, the company has no guarantee at all that a water licence would be issued to it?

Hon. Mr. BONNER: I put it to you this way, Mr. Lesage. The company has no reason to expect that it will be offered a water licence that will be acceptable to itself.

Mr. FULTON: It is a conditional water licence?

Hon. Mr. BONNER: Yes, and the terms and conditions which spell out the safeguards for the province have yet to be defined in that document.

Hon. Mr. LESAGE: But what bothers me—and I am not trying to embarrass you—is that the memorandum of agreement reads: “Her Majesty the Queen in right of the province of British Columbia, as represented by the Minister of Finance...” The terms of the conditional water licence are determined as being in conformity with the terms of this agreement.

Hon. Mr. BONNER: With respect, Mr. Lesage, that is possibly where you lead yourself in error.

Hon. Mr. LESAGE: It must be!

Hon. Mr. BONNER: Yes, I think it is! The terms and conditions which are set out in the agreement are certainly not exhaustive of the terms and conditions of the conditional water licence.

Hon. Mr. LESAGE: No, not necessarily. This British Columbia Act could, if it wished, put in the conditional licence that it would be prepared to offer to the company to fulfil its obligations under this agreement such conditions that it would know in advance the company could not accept.

Hon. Mr. BONNER: I would say, as an academic situation, yes.

Hon. Mr. LESAGE: The company would have no recourse whatsoever for the amounts of money it would have spent on those surveys, against the government of British Columbia?

Hon. Mr. BONNER: I would presume that would be correct, if that situation occurred.

Hon. Mr. LESAGE: So the company is taking all the risks under this agreement and the government is keeping its freedom of action?

Hon. Mr. BONNER: That is right.

Hon. Mr. LESAGE: That is your interpretation of this memorandum of agreement?

Hon. Mr. BONNER: That is correct.

Mr. FULTON: I wonder if it might be interesting to the committee to have a reading of terms of section 8 of our Water Act?

The CHAIRMAN: I think we might usefully spend the remaining seven minutes in a quiet reading of that nature. We have been going since 11 o'clock this morning and I think we should adjourn at 10 o'clock, or in seven minutes' times. I think we might use that remaining time in putting this material on the record.

Hon. Mr. BONNER: Mr. Chairman, since this matter appears not to have been understood by the Minister (Hon. Mr. Lesage) I think it would be just as well if I read for the benefit of the committee the very wide powers of our water controller under the Water Act and I refer to the attention of the committee section 8 of the Water Act of the province of British Columbia, being chapter 361.

Mr. FULTON: Mr. Bonner, I wonder if I might suggest to you with respect, that you preface your reading of section 8 with a re-reading of section 4 of the agreement?

Hon. Mr. BONNER: I will be glad to oblige. Section 4 of the agreement, which Mr. Fulton has requested to be read, reads:

The Corporation agrees that on or before the 1st day of March, 1955, it will cause a company to be incorporated under the laws of the province of British Columbia or of Canada (hereinafter called the Canadian Company), and will cause the Canadian Company on or before such date to apply for a conditional licence under the provisions

of the "Water Act" authorizing the Canadian Company to construct, operate and maintain the storage dam referred to in paragraph 3 hereof, and, as incidental thereto, to deepen the river bed in Tin Cup Rapids by approximately two (2) feet, and to develop and use water for such purpose.

The CHAIRMAN: And now that you have read paragraph 4, in order that we might have a sequence would you mind very much reading paragraph 5, since it has been mentioned on two or three occasions?

Hon. Mr. BONNER: I would like to go on dealing with Mr. Fulton's request.

The CHAIRMAN: Then if you do not mind, I will read it myself. I will take the privilege of chairman to read paragraph 5 on page 4.

Her Majesty agrees that within sixty days after receipt of the application for a conditional water licence referred to in paragraph 4 hereof, Her Majesty will cause to be issued to the Canadian Company a conditional licence upon terms conforming to this agreement authorizing the company to construct the works referred to in paragraph 3 hereof and to divert and use water for such purpose pending the issuance of a final licence under the "Water Act", a detailed description of such works and the water to be diverted to be set out in the said licence.

Now you may proceed. I was reading the paragraph following the paragraph number 4—that was the one I was asking you to read.

Hon. Mr. BONNER: Thank you very much Mr. Chairman. Now section 8 of the Water Act reads as follows:

With respect to any application, whether objections thereto are filed or not, the comptroller shall have the following powers:—

- (a) To refuse the application;
- (b) To amend the application in any respect;
- (c) To grant the application in whole or in part;
- (d) To require additional plans or other information;
- (e) To determine the precedence and appurtenancy of the licence to be issued in pursuance of the application;
- (f) To require the applicant to give security for such purposes and in such amount and form as the comptroller deems in the public interest;
- (g) To issue to the applicant one or more conditional or final licences upon such terms as the comptroller considers proper.

That is the statutory situation with respect to the powers of the comptroller. The sections which have been referred to under the agreement—sections 4 and 5 which we read a few moments ago—make reference to the issuance of licences under the Water Act and in those circumstance the comptroller has the right to exercise a discretion which I have referred to the committee's attention.

Hon. Mr. LESAGE: Accordingly, Mr. Bonner, if I understand the position, the water comptroller could specify under the water licence that the percentage of electric energy to be exported to Canada could be instead of 20 per cent which is mentioned in the agreement, 30 per cent or 40 per cent or even 50 per cent?

Hon. Mr. BONNER: That is certainly within his discretion.

Hon. Mr. LESAGE: It is. And he is not bound at all by the agreement entered on behalf of the government of British Columbia?

Hon. Mr. BONNER: The water comptroller has statutory powers which are set out in that Act.

Hon. Mr. LESAGE: And he can require that the downstream benefit instead of being 20 per cent should be 30 per cent, 40 per cent or 50 per cent?

Hon. Mr. BONNER: Yes, I think that would be within his power.

Hon. Mr. LESAGE: That would be within his power?

Hon. Mr. BONNER: I would only want to interpose in that connection that from the standpoint of the government, of course, any arrangement or terms affecting power must be, and I presume would be, required by the comptroller—certainly if he asked my opinion on it I would so advise him—would be in the manner of obtaining a direct covenant from the Bonneville people and the government of British Columbia.

Hon. Mr. LESAGE: I am just mentioning the percentage. The government of British Columbia has no obligation under this memorandum of agreement to cause a licence to be issued under which the benefits would be 20 per cent?

Hon. Mr. BONNER: The water licence is issued by the comptroller and he is free to put any conditions whatsoever in that water licence. His statutory rights appear in that section of the bill.

Hon. Mr. LESAGE: So your opinion then is that this memorandum of agreement, as far as the Kaiser interests are concerned, is not worth the paper it is written on?

Hon. Mr. BONNER: I did not say that at all.

Hon. Mr. LESAGE: Then what is it worth?

Hon. Mr. BONNER: It is summed up in the discussion we have had so far.

Hon. Mr. LESAGE: The water controller can put any conditions he wishes, so what is the use of this agreement? I would like to have an answer to this. What is the use of this agreement if it has no effect at all on the conditions of the conditional licence?

The CHAIRMAN: Gentlemen, it being 10 o'clock, and in view of the fact that we have been sitting for six and a half hours today, I think we will now call it a day. and adjourn until 11 o'clock tomorrow morning.

APPENDIX 1

CONFIDENTIAL:
MEMORANDUM

MAY 3, 1954.

On 2 May, 1954, at Montebello, P.Q., Mr. Rowland Stokes-Rees of Kaiser Engineers (Canada) came to see me. Among other matters he mentioned the interest of the Kaiser Aluminum Company (United States) in developing storage on the Arrow Lakes about which he reminded me the officers of that company had had some discussion with the Honourable Mr. Sommers, Minister of Lands and Forests of British Columbia. He said that Mr. M. Miller, the Chief Engineer of Kaisers, had now taken over the problem from Kaiser Aluminum, and that he had tried to telephone me but had found that I was absent from Ottawa.

Mr. Stokes-Rees intimated that Mr. Miller was not entirely satisfied with the arrangements which had been made by the Kaiser Aluminum Company officers.

I mentioned that some representative of Kaisers (name not known by me) had telephoned Mr. Warren in Vancouver asking for the results of the surveys carried out for the International Joint Commission on the Columbia below Arrow Lakes. Mr. Warren had reported this conversation to Ottawa, and on my instructions he was to tell the Kaiser representative to put his request in writing.

I told Mr. Stokes-Rees that he would appreciate that expensive surveys carried out for a public purpose could not properly be released to any private company unless and until there was complete agreement not only with the Government of British Columbia but with the appropriate federal authorities. For this purpose it would be necessary to have a complete account of what was intended, and particulars of any rights or privileges which the Kaiser Company expected to gain as a result of any exploratory work which they might undertake.

The International Joint Commission would also require to be currently and fully advised of all information obtained in the course of any investigations undertaken by the Kaiser Company.

I mentioned that Arrow Lakes were navigable, and in consequence in addition to other Federal and Provincial legislation the Federal Navigable Waters Protection Act had application. I mentioned that I was sure that he appreciated that a dam at the foot of Arrow Lakes to ordinary high water level had little interest to Canada. No power development would result and three or four million acre-feet of water which would be placed in storage would only be beneficial south of the boundary. He said he fully understood this situation.

I mentioned that the IJC proposals called for investigation of a dam to provide a head of about 50 feet, to make use of possible heads on the Columbia from the boundary to near Revelstoke. A power dam at this level, would make available some hundreds of thousands of kilowatts. The IJC investigations had been interrupted temporarily in order to advance matters, at Mica, and it was intended that these investigations would be resumed shortly on the completion of those studies when personnel again becomes available.

I mentioned also the difficulties of building coffer dams in the Columbia, below Arrow Lakes, which had a discharge of about 90 million acre-feet annually until after Mica was built, which could be used to appreciably reduce flows at critical times.

I said I had a very high opinion of Mr. Miller's engineering ability and I would welcome a cooperative investigation if suitable terms could be worked out.

Mr. Stokes-Rees said he would convey the substance of our conversation to Mr. Miller, who, he felt sure, would welcome an opportunity to go into the matter further.

(A. G. L. McNaughton)

APPENDIX 2

INTERNATIONAL JOINT COMMISSION OTTAWA, CANADA

4 MAY, 1954.

Honourable R. E. Sommers,
Minister of Lands and Forest,
Victoria, British Columbia.

Dear Mr. Sommers:

I am sending you by air mail today, under separate cover, one copy each of the following new maps in the series on the Columbia which is being produced specially for the International Joint Commission by the Department of Mines and Technical Surveys:

- M.S. 18 showing the Columbia River between Upper and Lower Arrow Lakes.
- M.S. 33 } showing the Columbia River downstream and upstream, respec-
- M.S. 34 } tively, from Kinbasket Lake.
- M.S. 46 showing the Columbia River upstream from Luxor and showing a portion of Francis Creek.
- M.S. 47 showing portions of Horsethief and Toby Creek, tributaries to the Columbia River from the west.
- M.S. 49 showing the Columbia River downstream from Columbia Lake.
- M.S. 60 showing Columbia Lake.

I hope you will add these maps to the portfolio which I delivered personally to you in Victoria on the occasion of our meeting on 22 February last, so that you will have under your own hand a set complete to date with all the maps which have been issued. May I suggest that, for your convenience of reference, Col. Andrews might bring the index sheets in your portfolio up to date accordingly.

The accelerated programme for the completion of other map sheets along the Columbia is now proceeding satisfactorily, and I will make it my business to ensure that you receive personally copies of the various sheets as they come off the presses.

As regards the Columbia River Reference, Mr. Rowland Stokes-Rees of Montreal, Vice-President and Manager of Kaiser Engineers (Canada), called on me on Sunday in regard to a proposal for an investigation by his Company of storage possibilities on the Arrow Lakes. I think you would like to know what was said, so I enclose herewith a copy of the confidential record of the conversation which I made for the information of the Canadian Government and I will keep you advised of any further action which may develop. Certainly you may be sure that we will enter into no arrangements with this or any other company for investigations except after full consultation with you.

As regards the Skagit, I was very surprised to learn on 28 April that the record of the discussion in Washington on April 8 and 9 had not reached you as I had understood that Colonel Pepler had ordered copies direct from the official reporters. As soon as I knew the situation I had a telegram sent to the official reporters, Messrs. Ward and Paul of Washington, to send copies to Colonel Pepler immediately and I trust that they have now been received.

May I ask you to look at the record of the Executive Session on 9 April 1954 particularly. From this you will note what I had to say in advising the Commission of my view as to the correctness of the position taken by yourself and your colleagues. After the somewhat strange views which had been expressed by my United States colleagues in the open hearings previous to the Executive Session, I felt I had to insist that the proceedings of this session also were *not* confidential. In consequence, my remarks are on the record for quotation as you may find wise in the developing situation.

You will note also that at my instance an international gauging station has been established on the Skagit at the boundary to ensure that if Seattle Light should close the gates on Ross Dam, thereby flooding into Canada, the Governments of Canada and the United States and the respective Sections of the International Joint Commission will be notified immediately.

It is evident, I think, that the matter of a "binding agreement" is clearly in your hands, to enter into or not as the Government of British Columbia may wish.

With kindest personal regards,

Very sincerely ours,

(A. G. L. McNaughton),
Chairman, Canadian Section,
International Joint Commission.

APPENDIX 3

CONFIDENTIAL

4 MAY, 1954.

MEMORANDUM

Mr. Michael Miller of Kaiser Aluminum telephoned General McNaughton from Oakland, California, at 4.15 p.m.

Mr. Miller said he was calling in connection with Kaiser's interest in developing the Arrow Lakes. In reply to General McNaughton's question as to whether Mr. Miller had been in touch with Mr. Stokes-Rees, Mr. Miller said that he had been speaking to him by telephone yesterday.

Mr. Miller said that the Kaiser Aluminum Company is preparing a letter to the International Joint Commission outlining their plans. He felt that in addition one of their people should go to Ottawa to talk the matter over with General McNaughton. Mr. Miller mentioned Colonel Gerdes, who was prepared to go some time this week or next.

General McNaughton said he would prefer to have Kaiser's letter for consideration before arrangements were made for a Kaiser representative to come to Ottawa.

Mr. Miller agreed to this.

General McNaughton told Mr. Miller that he had included a copy of a memorandum of his talk with Mr. Stokes-Rees as an enclosure with a letter he is today sending to Mr. Sommers, to make sure that everyone concerned is in the picture.

Mr. Miller said that his Company wished to be very careful in their arrangements not to put anyone's "nose out of joint".

General McNaughton stated that there are many complicated statutes in force, some federal and some provincial.

In regard to the studies in the Columbia, General McNaughton said that the I.J.C. is working on a report by direction of the Government of Canada with the full consent of the Government of British Columbia. The studies on Arrow Lakes were set aside in favour of the Mica site, but the Commission intends to go back to studies of Arrow Lakes later. He said that if anything useful is to be done all Governments must be brought into harmony on it. There must be some understanding of what privileges Kaiser Company will get out of it if they do an investigation. Otherwise, the Company will be buying a "pig in a poke".

General McNaughton said that he wished to tell Mr. Miller personally that he hoped some method could be worked out so that the Commission can co-operate with him.

Mr. Miller said Kaisers would write to Mr. Sommers, putting him into the picture. General McNaughton expressed the view that he thought there was every possibility of a satisfactory arrangement in this business.

General McNaughton asked that Mr. Miller let him know just what arrangements are made with Mr. Sommers. He wanted to get everything in the open.

As Mr. Stokes-Rees had probably told him, the Commission in its studies is not merely working on dams to hold the Arrow Lakes to the existing high water level, because there was nothing in such a project for Canada; this country wants power. We have been working on a plan to build a dam at the foot of Arrow Lakes (although no site has been yet found) and want to conserve the head to about 50 feet. We know where we want our other dams on the Columbia. Canada would not be happy to waste 50 feet of head with the large flow at Arrow Lakes.

General McNaughton said that what we intend to do at Arrow Lakes is to go back to the investigation of a site for a dam in the lower river very shortly. It may be if we work out arrangements with Kaiser Engineers or Kaiser Aluminum, they could do the studies on Arrow Lakes while the Commission's engineers went on with other work elsewhere in the Columbia.

Mr. Miller said he would send a letter to the Commission outlining their plans; after they have received General McNaughton's reply arrangements will be made to send a representative to Ottawa.

The conversation ended at 4.25.

(L.S.)

APPENDIX 4

Meeting with Kaiser Representatives Friday 17 September 1954

Mr. R. H. Stokes-Rees and Mr. Sydney Taylor of the Kaiser interests met with General McNaughton on 17 September 1954 to discuss their proposed Arrow Lake Development.

Mr. Stokes-Rees advised that a field party of the Kaiser Engineering Company with Colonel H. G. Gerdes and Mr. Donaldson are beginning field investigations in the Arrow Lake area tomorrow for the purpose of refining the previous report. The field investigations will be carried out during the fall and winter and probably complete this aspect of the work by March 1955.

Mr. Taylor said that they expected to be able to proceed with the construction of the dam if it were authorized by August 1956.

General McNaughton said that he was interested to receive this information but that he was not prepared to offer any encouragement at this time because he felt that all possibilities for developing the full resources of the Columbia must be investigated before any decision could be given regarding a project which might prevent full development at a later date.

He went on to say that whether it would be possible to make use of all resources was not known but that investigations were now being carried out under the direction of Mr. Warren. These investigations had been delayed because it was necessary to complete studies on the Mica project which studies were now completed and it is once again possible to conduct the investigations lower down the river.

General McNaughton said that a report on the Mica dam had been made by a consulting engineering firm and that report was being checked against the report made by the Department of Northern Affairs and National Resources. He estimated that contract drawings might require a year to prepare before bids for the actual construction could be called. A saving of about \$150,000,000 had been made possible in the cost of the dam by changing the type from gravity concrete to rock fill. This change was desirable from a safety point of view as the project was in a zone of probable earthquakes and the flexibility of the rock fill prevented any major failure that might occur if the dam were to be built of concrete. A failure of the dam which would release 15,000,000 acre-feet of water down the narrow valley would be a major disaster.

Mr. Stokes-Rees recalled that General McNaughton had said previously all information on all possibilities of development of the resources on the Columbia must be investigated before any decisions are taken. He asked who would be the agency that would undertake these developments. General McNaughton said that the resources belonged to the province of British Columbia but that he was in no position to say who would be the actual construction agency but that any announcement would likely come from the office of the Minister of Lands and Forests of B.C.

General McNaughton explained that the I.J.C. under the Columbia Reference was required to investigate and make recommendations as to the development of the basin and if it was thought advisable the I.J.C. might make an interim report recommending a specific project before the final report was issued, if the project was within the pattern of development laid down.

Mr. Stokes-Rees referred to the Libby project and General McNaughton advised that the U.S. had been granted an extension of time for its statement in reply to October 1st.

General McNaughton suggested that the Kaiser people would be well advised to examine the statements in response of Canada and B.C. to the Libby Application as the policy expressed therein was from a high level and would be applicable to projects such as the Arrow Lake project envisaged by the Kaiser interests. He promised to send a copy of the Statement in Reply from the U.S. Government when it was received.

Both Mr. Taylor and Mr. Stokes-Rees expressed their interest in the discussions that will center around the problems presented by the Libby project.

Mr. Stokes-Rees promised to keep General McNaughton informed of developments in the Arrow Lake proposal as they become evident.

C. K. HURST,
*Engineering Adviser, Canadian Section
International Joint Commission.*



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Canada External Affairs
Standing Committee on
1942

HOUSE OF COMMONS

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Publications

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1955

STANDING COMMITTEE

ON

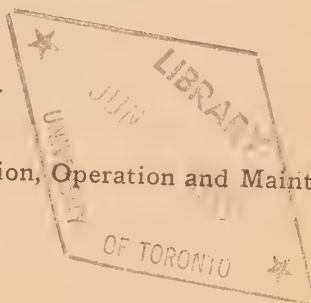
EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

Bill No. 3, An Act respecting the Construction, Operation and Maintenance
of International River Improvements.



FRIDAY, APRIL 29, 1955

WITNESS:

Honourable R. W. Bonner, Q.C., Attorney-General, Province of British
Columbia.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

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Macnaughton
McMillan
Montgomery
Patterson
Pearkes
Richard (*Ottawa East*)
Stick
Stuart (*Charlotte*)
Studer—35.

Antonio Plouffe,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

FRIDAY, April 29, 1955.
(15)

The Standing Committee on External Affairs met this day at 11 o'clock. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Barnett, Bell, Byrne, Cardin, Crestohl, Fulton, Gauthier (*Lac-Saint-Jean*), Green, Henderson, Herridge, Jones, Low, Lusby, MacEachen, Montgomery, Patterson, Pearkes, Picard, Stick, and Stuart (*Charlotte*).—(20).

In attendance: From the Province of British Columbia: Honourable R. W. Bonner, Attorney-General; Honourable R. E. Sommers, Minister of Lands and Forests and Minister of Mines; Advisers: H. Alan Maclean, Esq., Deputy Attorney General; E. W. Bassett, Esq., Deputy Minister of Lands; A. F. Paget, Esq., Comptroller, Water Rights Branch, Department of Lands; G. Kidd, Esq., Project Engineer, Water Rights Branch, Department of Lands.

Also T. H. Crosby, Esq., Chairman, British Columbia Power Commission; H. L. Briggs, Esq., General Manager, British Columbia Power Commission.

From the Department of Northern Affairs and National Resources: Honourable Jean Lesage, Minister; Mr. Maurice Lamontagne, Assistant Deputy Minister; and Mr. T. M. Patterson, Chief, Engineering and Water Resources Division; Mr. C. K. Hurst, Chief, International Waterways Section, Water Resources Division.

From the Department of Trade and Commerce: Mr. John Davis, Associate Director, Economics Research Division.

From the International Joint Commission: Mr. J. L. MacCallum, Legal Adviser; Mr. D. G. Chance, Assistant Secretary.

The Committee resumed its consideration of Bill No. 3 and its examination of Mr. Bonner.

Having requested the privilege, Mr. Bonner proceeded to read a supplementary statement in consequence of the discussion which took place on his original brief. He outlined the view of the Province of British Columbia and suggested three courses that may be considered by the federal government in relation with Bill No. 3.

It was agreed to postpone until the afternoon meeting questioning on the above statement.

The Minister of Northern Affairs and National Resources having arrived, discussion on Mr. Bonner's supplementary statement was commenced and the Minister commented on this statement, copies of which had been mimeographed and were already distributed.

Mr. Lesage, by consent, questioned Mr. Bonner and asked that he table certain telegrams in respect of the exchange of information on the Arrow Lake Storage. Copies of these being in Victoria, Mr. Bonner thought that Mr. Lesage could read those telegrams from the file of the International Joint Commission in his possession. He, therefore, read the following:

1. Telegram from Mr. Sommers to General McNaughton, dated at Victoria, September 17, 1954.

2. Telegram from General McNaughton to Mr. Sommers, dated at Ottawa, September 18, 1954.
3. Telegram from Mr. Sommers to General McNaughton, dated at Lake Louise, September 18, 1954.

At 1 o'clock, Mr. Bonner's examination still continuing, the Committee adjourned until 3.30 o'clock this afternoon.

AFTERNOON SITTING

(16)

The Committee resumed at 3.30 o'clock. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Barnett, Boisvert, Byrne, Cardin, Garland, Gauthier (*Lac-Saint-Jean*), Green, Henderson, Herridge, Jones, Low, MacEachen, MacKenzie, Montgomery, Patterson, Pearkes, Picard, Richard (*Ottawa East*), and Stuart (*Charlotte*).—(19).

In attendance: Same as at the morning sitting.

As agreed, the Committee continued its general examination of Mr. Bonner.

Mimeographed copies of the telegrams read at the morning sitting were tabled and distributed.

The witness was questioned at some considerable length on the economic aspect of the proposed **Kaiser Dam**.

Questions of a technical nature were referred to Mr. Paget who supplied answers.

Mr. Bonner's examination was concluded and the Chairman expressed the Committee's appreciation to him and the other representatives of the British Columbia Government.

At 5.50 o'clock p.m., the Committee adjourned to the call of the Chair.

Antonio Plouffe,
Clerk of the Committee.

Meeting No. 17. not recorded

EVIDENCE

FRIDAY, April 29, 1955.

The CHAIRMAN: Gentlemen, now that we have a quorum I will open the meeting. The Honourable Mr. Bonner would like to make a statement at this point and to accommodate him I have accepted. Discussion on this memorandum will be postponed until the next meeting due to the fact that the minister is not here and cannot take knowledge of it.

Mr. STICK: Mr. Chairman, I cannot hear.

The CHAIRMAN: I said that Mr. Bonner has asked for the privilege of making a statement at this point and I said also to accommodate him I have accepted it, but the discussion on this statement will be postponed. We will carry on after the statement with the questioning we were on last night and discussion on the statement if any will be open at this afternoon's meeting.

Hon. R. W. BONNER (*Attorney General of British Columbia*): I am sorry to say I have only a few copies of this statement. It was typed by a stenographer from my own handwritten notes.

Mr. BYRNE: On a point of order, it seems that if we are to have some new matter introduced into the meeting it should be something which we are prepared to discuss at the present time. Could this statement be left until later?

The CHAIRMAN: I have the assurance that there is nothing new but that it may be a different way of reciting what has been said before. We have afforded that privilege to other witnesses before. I thought to accommodate the witness, that I would not oppose his request on that. The only point is, since the minister is not in attendance we will have a copy sent to him and this afternoon when he is here we can open the discussion on this memorandum if any is in order.

Mr. STICK: Will you have copies available for this afternoon?

The CHAIRMAN: There are 3 or 4 copies now. I think it will be through in about five minutes, although it may have more importance than the length of the statement might indicate.

Hon. Mr. BONNER: Thank you, Mr. Chairman.

I will venture an observation on the import of our joint discussion of Bill No. 3 as evidenced by the questions and answers arising out of the Brief presented two days ago.

I wish it to be clearly understood that I reserve unaltered all objections which I have voiced in respect of Bill No. 3.

My government naturally cannot be expected to appreciate the view apparently held by the government of Canada on the proposed Arrow lakes storage. We do not feel that the national interest is endangered by such arrangements as are contemplated in the agreement which we have been discussing.

The government of Canada, on the other hand—in our view with full and reliable information of this matter at hand throughout—and without having so much as hinted at its present opposition to the proposed storage arrangements—says now in effect that this is such a disastrous arrangement that we must stop it by passing Bill No. 3.

In so doing it appears prepared to pass a bill with a host of undesirable complications for existing and future hydro development in my province.

At this point the Canadian government is either anxious or reluctant to invade a field hitherto regarded as being provincial. If it is anxious so to do—with the support of Parliament, nothing any provincial government can say will stop the passage of this bill.

If it is reluctant so to enter this field it can consider three courses: First, hold up the passage of this bill, or withdraw it entirely, pending an approach to the provinces affected as was done with the transport bill a year ago, and cooperatively arrive at a *modus vivendi* which will be mutually agreeable.

The other course would be to remove from the proposed bill its application to existing improvements, the declaration contained in clause 9, and further to amend this bill to provide that it become immediately effective in any province upon proclamation of the Governor in Council; thus giving to the government of Canada in effect a veto power if it becomes evident that its fears in connection with any provincial undertaking on an international river shall be realized by the granting of provincial permission to construct improvements to which proper objections may be taken.

If the latter course is adopted, I suggest that the appropriate minister of the government of Canada make known to the appropriate provincial ministers the channel through which he wishes to be informed, and the extent of the information which he desires to have in this connection.

The desirability of adopting the last alternative should commend itself to the government of Canada, because it involves a policy not unlike one of its major policies during the last war. In terms of hydro development my suggestion becomes one of "control if necessary, but not necessarily control".

I would like to further advise the committee, Mr. Chairman, in the light of my conversation with you earlier that it will be necessary for myself and Mr. Sommers to leave the capital during this weekend and for certain of our officials to be in Victoria on Monday of the coming week. I thought I should make that announcement so that the committee could take that into account during the next two days. If possible I should like to be free to attend on Saturday some of the ministers of the government of Canada in connection with departmental matters which have been the subject of correspondence between us.

The CHAIRMAN: I assume with the number of speakers who have signified their intention to speak that we might be through in 2 or 3 meetings and perhaps tonight.

I will have this statement mimeographed for this afternoon.

Now, we are resuming the period of questioning as we left it last night. I think that Mr. Barnett is next on the list and then Mr. Henderson.

Mr. BARNETT: Mr. Chairman, I feel that the line of questioning which involves in particular the matter of this proposed Kaiser dam has been fairly thoroughly pursued and the matter of who informed or did not inform who and when, has been fairly thoroughly covered so that I do not propose to pursue that particular angle of the discussion at this time. I feel, and I assume probably all present feel, that the bill under consideration if it goes into effect is something which extends far beyond the immediate matter that has been discussed and that while it may have in the long run proved to have been desirable that we had a specific issue which focused our attention upon the bill nevertheless our basic concern would be with the more fundamental matters that are raised in the bill.

I am not a lawyer, constitutional or otherwise, but I am interested in one or two of the statements in the brief which Mr. Bonner has suggested that deal with constitutional matters. I would like to ask him one or two questions

directed to that part of his brief. I have before me page 21 of the brief where, at approximately the centre of the page, appears the statement:

"I wish to repeat that section 92 (10) (c) is an invidious provision of our constitution..."

I am wondering, Mr. Bonner, whether I am to infer from that statement that you are in effect advocating that that is a section which should be completely eliminated from our constitutional setup in Canada?

Hon. Mr. BONNER: I would not care to comment upon that aspect of the constitution in terms of whether it should be there or not, except to say that constitutional considerations in the past have pointed up first the disallowance powers and section 92 (10) (c) as being provisions in the existing constitution which are of greatest concern to provinces concerned with the preservation of provincial rights. The language which I have used there, or the opinion reflected in that portion of my brief, has been the source of discussion by constitutional scholars on other occasions. That is as far as I can go on that.

Mr. BARNETT: Would you consider in the past because of that section in our constitution that the parliament of Canada has abused the powers conferred on it through that section?

Hon. Mr. BONNER: I would say that the parliament of Canada has been extremely cautious in the application of the section in the past and the number of occasions under which the sections have been applied is very few thus indicating, at least in the minds of previous parliaments, I presume, that this section is to be very reluctantly applied.

Mr. BARNETT: A little earlier on the same page of the brief in referring to hydro installations on international rivers, you make the statement:

...these having become immutably works for the general advantage of Canada, abstracted from the provincial jurisdiction by the application of section 92 (10) (c) of the British North America Act.

and at some other point in your brief, and during the course of your discussion you made reference to clause 3 and clause 9 of the proposed bill. I am wondering after having read your brief and having listened to the discussion whether in expressing the views which are expressed on this page of your brief you have sufficiently considered the implications involved in clause 2 of the bill, which, as I understood from the discussion in the House and from my own reading of the situation places very definite limitations upon the application or the extent of the application which is implied by the exclusion of the reference contained in sections 9 to 10 (c) in which international river improvement is defined for purposes of this bill, and therefore for the application of that section of our constitution, as being only a work which would increase, decrease, or alter the natural flow of an international river and to interfere with, or alter or affect the actual or potential use of international rivers outside of Canada.

At no place during your discussion or in your brief as far as I can recall have you commented on that particular clause of the bill or its implications or what views you may have on how it limits the extent or possible application of the bill.

Hon. Mr. BONNER: I will say two things. First that all sections of the bill were taken into consideration in arriving at the views expressed in the brief. Secondly, the widespread application of the bill is apparent in view of the exceptions which have been proposed for addition to the bill, taking out such things as irrigation projects and things of that sort, I think on the representation of the government of Saskatchewan. As the bill was originally proposed you could hardly fell a log into a stream without coming within the scope of this bill.

Mr. BARNETT: Mr. Chairman, I think Mr. Bonner will agree during the course of these hearings the committee has taken steps to inform him and representatives of the other provincial governments of this thing and as I recall the sequence of events earlier in our proceedings there was introduced a statement which outlined the intentions of the government with respect to the type of regulation that they had in mind to implement the bill and that it was agreed that the suggestions, which were contained in the regulations in view of concern being expressed from some quarters, might more properly, if that would meet with approval, be incorporated into the bill.

I would like to ask Mr. Bonner if he feels it is in fairness with the sequence of events to say that the basic intention of the federal government in connection with the introduction of this bill has been altered materially by the progress of this bill through the committee, or has it not rather been a process of clarification by including certain matters specifically in the bill which were not originally there.

Hon. Mr. BONNER: The answer to that question is that a valid declaration under section 92 (10) (c) would in fact transpose the matters affected from section 92 of the British North America Act to section 91. The effect of such a declaration was commented upon by the late Chief Justice Duff of the Supreme Court of Canada. He said that the exclusive jurisdiction conferred by a valid declaration under section 92 (10) (c) is well known to the extent that notwithstanding the principles of regulation which the government might at this time see fit to introduce, the jurisdiction conferred by the exercise of a declaration under that portion of the British North America Act would not confine the government of Canada to any narrow field which it might first assume.

Mr. BARNETT: If I might just change the line of questioning a little bit, I would say that during the course of the discussion Mr. Bonner made a number of references to existing installations, some of which have been installed by our British Columbia Power Commission. Let me say that I think the Government of British Columbia should quite rightly be concerned with the future and the welfare of such installations in British Columbia, whether they are under our own power commission or whether they are private installations to supply power to industry in the Columbia valley area. But the question I would like to address to Mr. Bonner in this connection is whether, in his opinion, it is not possible that as a result of the studies undertaken by the reference to the International Joint Commission that the field of possible development of the Columbia valley power resources has not been so opened as to alter to any degree possible developments in that basin, as, in effect to create an alteration in the kind of development which can take place? In other words, whereas previous installations might be rightly deemed to be works only of a local character, that the field of development which is now being opened up to us creates a new situation which, in effect, involves not merely a local area inside British Columbia but also that of the national interest, and also opens up a wide field of international complications which have heretofore not been really apparent?

Hon. Mr. BONNER: I would not support the invasion of the jurisdiction of any provincial government in Canada. And secondly, the Hon. member has raised a line of speculative thought in which I must decline to participate.

Mr. BARNETT: If I may now turn for a moment to page 12 of your brief, Mr. Bonner, reference is made in the paragraph at the top of the page to the effect that the province of British Columbia suggested that so far as the storage of water is concerned, the Bonneville Power Administration and the province of British Columbia enter into a firm arrangement whereby the province will

import free of cost not less than 20 per cent of all the power generated on the Columbia below the Canadian border as a result of the storage created upon the Arrow lakes.

I think we all agree that the Bonneville Power Corporation is, in some respects, an agency of the government of the United States.

Hon. Mr. BONNER: I think it would sound very appropriate in either case. Power Administration, and it is an agency of the federal government of the United States.

Mr. BARNETT: Would you not agree that the Bonneville Power Administration is therefore subject to alteration from its present form by action of the government of the United States?

Hon. Mr. BONNER: I have no reason to suppose that any arrangement which the Bonneville Power Administration might enter into would not be honoured and supported by the government of the United States in the future.

Mr. BARNETT: You would agree that it is possible that the government of the United States might alter the present arrangement in respect to the power developed in the northwestern part of the United States?

Hon. Mr. BONNER: I am not aware that there has been indicated on behalf of the American government any change which is to take place. American power policy is a well developed and a well documented entity. In fact, in 1950 the President's Power Policy Commission went to the trouble of documenting the entire situation in three excellent volumes which I have mentioned in the brief and which might be studied profitably by interested members of the committee. It is my apprehension that this bill may be the forerunner of such circumstances in Canada, and if that was the case it would be very considerably different from the existing constitutional arrangement which obtains in this country.

Mr. BARNETT: Perhaps you will understand that what I have in mind necessarily involves an arrangement for the development of a long term agreement. I mean that the figure suggested in connection with the Kaiser dam was for a period of 50 years. I think perhaps you would agree that an arrangement which involves the export or import of power across the international border is a matter which involves directly or indirectly the relationship between the governments of these two countries.

Hon. Mr. BONNER: I do not want that statement to go without this comment: that evidence before this committee was to the effect—I think on the advice of the Department of External Affairs—that the arrangement between the government of British Columbia and the Bonneville Power Administration was an entirely practicable one.

Mr. BARNETT: You would not be prepared to agree then that it could conceivably be in the national interest and in the interest of those Canadians who call British Columbia their home that our national government should have some direct responsibility for the arrangements which are being made with the government of another country or with its agencies?

Hon. Mr. BONNER: I am opposed to the alteration of the basic constitutional relationships of this country.

Mr. BARNETT: I think that will be all for the present, Mr. Chairman.

The CHAIRMAN: Now that the minister has arrived, I think it would be in order for us to take the statement as given this morning, because I was delaying it for that purpose. Now that the minister has arrived I think it would be in order for us to give him the floor with respect to the statement

made this morning. The point for delaying discussion on it was more to acquaint the minister with the statement so that he could express his views or those of the government on it.

Mr. PEARKES: I wonder if we could have the statement read again. It was rather hard to follow it in a quick reading and to grasp its whole significance.

The CHAIRMAN: Surely. Do you mind reading it again, Mr. Bonner?

Hon. Mr. LESAGE: Do you want me to read it? It would give me a chance to read it. Or perhaps Mr. Bonner would like to read it. It starts with "I".

Hon. Mr. BONNER: I think it would sound very appropriate in either case.

Mr. BYRNE: Mr. Chairman, I rise on a point of order. At the beginning of this session you suggested that the statement should be read. I followed with the comment that it should at least be commented upon. Now my objections are certainly withdrawn. That becomes obvious.

The CHAIRMAN: My only point in delaying discussion on it was that the minister should be acquainted with the memorandum before we opened a full discussion on it. But now that he is here, I think it would be in order. The minister was detained at a council meeting, and I expected that he would only be here this afternoon.

Hon. Mr. BONNER: Mr. Chairman, this statement arose in my mind as a result of observations passed by Mr. Crestohl, I think it was, and Mr. Jones of my province, and also out of an attitude which I sensed among certain members of the committee.

(Statement read again—see above)

Hon. Mr. LESAGE: Mr. Chairman, the members of the committee will realize that the suggestions just made by the Hon. Mr. Bonner would require a decision of the government as such, as to the acceptance or rejection of alteration of the suggestions. Consequently I do not believe that I should comment at this point before I have had a chance to discuss them with my colleagues in the cabinet. I think that is the course which would be expected of me.

The members of the committee may rest assured that the government will give its fullest consideration to these suggestions, and that I will be in a position to give an answer when the bill reaches the committee of the whole stage.

Now, with the permission of the members of the committee, I would like to clarify one point which was discussed pretty fully yesterday, and which is mentioned again in this declaration this morning. Would that be agreeable to the members of the committee?

The CHAIRMAN: Yes, surely.

Hon. Mr. LESAGE: It is stated in the fourth paragraph of this statement which we just heard that:

The Government of Canada, on the other hand—in our view with full and reliable information on this matter at hand throughout . . .

I would like to ask the Hon. Mr. Sommers if there were any discussions between him and his officials between June 17 and September 17 with the representatives of the Kaiser Corporation?

This question arises out of a statement which the Hon. Mr. Sommers made, according to my information, in the legislative assembly at Victoria, in his speech in reply to the speech from the throne, of which I have a stenciled copy. In that speech he said:

As is well known, the government has been dealing with the Kaiser Aluminum and Chemical Corporation on September 17, 1954, following lengthy negotiations.

I would like to know from the Hon. Mr. Sommers if there were any negotiations between him or his officials and representatives of the Kaiser Corporation between June 17 and September 17?

Hon. Mr. BONNER: The answer would be yes.

Hon. Mr. LESAGE: You say "yes"; was this information passed on to General McNaughton or to the representatives or officers of any department in Ottawa? Was a report of these discussions passed on?

Hon. Mr. BONNER: The liaison adopted in that field would be the report of the Kaiser people to General McNaughton.

Hon. Mr. LESAGE: No. Between June 17 and September 17 we know that General McNaughton had no discussion with the Kaiser people. I would like to know if Hon. Mr. Sommers passed on reports of his conversations and negotiations with the Kaiser Corporation between June 17 and September 17, before he sent his telegram to General McNaughton.

June 17 and September 17, before he sent his telegram to General McNaughton.

Hon. Mr. BONNER: I think that all documents bearing on the relative circumstances have been filed in that connection.

Hon. Mr. LESAGE: So there were none; there were no communications from the Hon. Mr. Sommers or his officials to General McNaughton or to any departmental officials in Ottawa about the negotiations which had gone on. Am I right?

Hon. Mr. BONNER: I thought you were making a statement. I am sorry.

Hon. Mr. LESAGE: I said there were no communications from the Hon. Mr. Sommers or his officials to General McNaughton, or to the officials of the federal government in Ottawa concerning the negotiations which were going on with the Kaiser corporation. Am I right?

Hon. Mr. BONNER: I think that has been right in the discussion so far, yes.

Hon. Mr. LESAGE: So that is right. Now, Hon. Mr. Sommers, have you received a copy of the memoranda relative to the conversations between General McNaughton and the officials of the Kaiser Corporation which are dated May 3, May 4, June 17, and September 17?

Hon. Mr. BONNER: They have been filed before this committee.

Hon. Mr. LESAGE: I asked the Hon. Mr. Sommers if he had received it?

Hon. Mr. BONNER: That is contained in our brief, Mr. Lesage.

Hon. Mr. LESAGE: They were received; I understood that Mr. Bonner, with the help of Mr. Fulton yesterday, said that there has been every cooperation on the part of the British Columbia government to let the government of Canada and General McNaughton know that negotiations were going on. The picture we have, and I believe it is only fair to General McNaughton that we mention it, is that whenever General McNaughton had conversations with the Kaiser people he took pains to couch those conversations in a written memorandum which he sent to the Hon. Mr. Sommers, yet Hon. Mr. Sommers and the officials of the government of British Columbia have never let General McNaughton know anything about the conversations and negotiations which were going on in British Columbia. The first thing which General McNaughton

received was a telegram dated the 17th of September, 1954, which telegram I would now ask the Hon. Mr. Sommers to produce.

The CHAIRMAN: The minister states that Mr. Sommers sent a telegram to General McNaughton on September 17.

Hon. Mr. BONNER: That would have to be furnished from Victoria. We have no such copy here.

Hon. Mr. LESAGE: I have the original of the telegram. Would you like me to read it into the record? It reads as follows:

Canadian Pacific Telegram

VICTORIA, British Columbia
P.M. 17 September, 1954

General A. G. L. McNaughton
Chairman, Canadian Section,
International Joint Commission,
Ottawa.

Government of British Columbia proposes to enter into agreement with Kaiser Aluminum and Chemical Corporation allowing said company to erect dam on lower Arrow lakes to store three million acre feet of water. Stop.

Payment for same to be twenty per cent of power generated on American side delivered free to British Columbia.

R. E. Sommers,
Minister of Lands and Forests.

In order to have a complete record, may I read a copy of the reply of General McNaughton. I understand that the original is in Victoria.

Hon. Mr. BONNER: I am sure that your copy will be accurate.

Hon. Mr. LESAGE: Quite. The telegram reads as follows:

CANADIAN PACIFIC TELEGRAM

Sent from Ottawa 10:22 a.m. EST
18 September 1954.

Honourable R. E. Sommers,
Minister of Lands and Forests,
Victoria, British Columbia.

Reference your telegram yesterday's date advising B.C. government giving consideration agreement with Kaisers re lower Arrow lake storage. Stop.

On Thursday I had opportunity discuss Columbia projects generally with officials here to give preliminary explanation remarkable possibilities of advances to British Columbia which are indicated by new topographical studies in progress. Stop. Report on this under preparation for you, and I hope dispatch during next week. Stop.

Suggest that it is repeat most important you and premier Bennett have this new information before taking conclusions on Arrow lake project.

A. G. L. McNaughton,
Chairman, Canadian Section,
International Joint Commission.

Hon. Mr. BONNER: Mr. Minister, may I ask that there be read into the record as well the letter of General McNaughton forwarding that information to the government of British Columbia.

Hon. Mr. LESAGE: Yes. I will read the answer of Mr. Sommers, and then I will come back to it.

Hon. Mr. BONNER: Are you telling me now that there is such a letter?

Hon. Mr. LESAGE: Do we have it? I shall read the sequence of telegrams and then I will look into the record to see if I have such a letter.

Hon. Mr. BONNER: I raise the question because I am not aware that such information has been sent to Mr. Sommers.

Hon. Mr. LESAGE: I now read copy of a telegram as follows:

CANADIAN PACIFIC TELEGRAPH

Lake Louise, Alta.

18 September, 1954. 5:05 pm

General A. G. L. McNaughton,
Chairman, Canadian Section,
International Joint Commission,
Ottawa.

Must advise that agreement between BC government and Kaiser has been executed. Stop.

This government cannot agree to any greater storage Arrow lakes which would flood agricultural and existing economies values hence low head dam only consideration.

R. E. Sommers,
Minister of Lands and Forests.

I am advised that General McNaughton, after receiving this telegram, considered that it was useless to send the information because a decision had already been taken.

Mr. CRESTOHL: And the contract had been signed on the 17th of September. Is that right?

Hon. Mr. LESAGE: That is right. And may I point out to the Hon. Mr. Sommers, in the light of the interpretation given yesterday by the Hon. Mr. Bonner of the agreement with Kaiser, the wording of the telegram to General McNaughton:

Government of British Columbia proposes to enter into agreement with Kaiser Aluminum and Chemical Corporation allowing said company to erect dam on lower Arrow lakes...

There is no question there that the agreement would not bind the British Columbia government to the obligation of giving a licence to the company to build the dam, if the company fulfilled its obligation.

Mr. BYRNE: Mr. Chairman, on a point of order, all other communications which have been placed before the committee have been read into the record and have been tabled for the purposes of the record and to give an opportunity to the members to see them. Would that apply here?

The CHAIRMAN: They will be incorporated in the record, because they are recorded by the reporter.

Hon. Mr. LESAGE: I have no objection to furnishing copies. There will be copies made available.

Mr. BYRNE: That is fine. Thank you.

Hon. Mr. LESAGE: My questions would be directed to the Hon. Mr. Sommers. When you wrote that telegram, Mr. Sommers, were you of the same opinion that was expressed yesterday by the Hon. Mr. Bonner that you had no definite obligation under the agreement?

Hon. Mr. BONNER: Mr. Minister, I think it only proper to say that the opinion of the minister would be the opinion expressed in this brief.

Hon. Mr. LESAGE: Yes, but Mr. Chairman, every time I ask for the opinions of Mr. Sommers, I have an answer from Mr. Bonner which is evading the question.

Hon. Mr. BONNER: Mr. Minister, just a moment.

Hon. Mr. LESAGE: It is difficult. Mr. Bonner yesterday said that five minutes talk would settle all difficulties, and it is very difficult to settle any discussions with a man who never utters a word.

Hon. Mr. BONNER: Mr. Minister, I have come down here to have discussions with the committee on external affairs. It was not my anticipation that I should also have the opportunity of having discussions with yourself. I think in dealings between the minister of the government of Canada and the minister of the government of British Columbia that a suitable forum might be found, and I think that back and forth debate before this committee is not the sort of discussion in which we should be placed.

Hon. Mr. LESAGE: Mr. Chairman, on that point raised by Mr. Bonner, might I venture to say he is the one who addressed himself to the government of Canada this morning in this manner.

Hon. Mr. BONNER: No.

The CHAIRMAN: It has been a practice in this committee for a minister responsible for a bill or charged with the responsibility of bringing the bill to the House to be present at meetings and to have the privilege of asking or answering questions, and it has always been common practice.

Mr. Low: With permission.

The CHAIRMAN: Yes, but since I have been handling committees the permission has never been denied.

Mr. CRESTOHL: Also, for the purpose of enlightening the committee as to everything.

Hon. Mr. LESAGE: I feel it to be my duty to draw the attention of the committee to the fact that the impression has been left yesterday that General McNaughton when he was a witness here had hidden certain things from the committee. Well, I believe that after the exchange we just had it is clear that General McNaughton cooperated in every way possible with the government of British Columbia which on the other hand has not seen fit to inform General McNaughton on the same basis, and that General McNaughton on the one hand is still the grand old man that we all respect, and we should admire his work, commend him, and cast no doubt about his honesty or spirit of cooperation with government officials at any time.

Mr. FULTON: Mr. Chairman, may I ask the minister a question or two?

The CHAIRMAN: Before you do, I have other members who asked for the same privilege. Has the minister finished his remarks?

Hon. Mr. LESAGE: Yes.

The CHAIRMAN: Did you start to say something, Mr. Bonner?

Hon. Mr. BONNER: No.

The CHAIRMAN: Mr. Green is the first one.

Mr. GREEN: Mr. Chairman—

The CHAIRMAN: Is it on this point?

Mr. GREEN: I wanted to ask one or two questions with respect to the statement Mr. Bonner made this morning.

The CHAIRMAN: Is it pertinent to the minister's remarks, because I think Mr. Fulton's remarks are pertinent to that. If you are going to discuss the whole brief, it is another matter.

Mr. BYRNE: Mr. Chairman, after all the statement has been made by the visitor, Mr. Bonner, and there are a number of questions I would like to ask.

The CHAIRMAN: That will be open. At this moment it is just that there are two or three members who wish to discuss the brief, and I wish to keep the record in order. If Mr. Fulton's question is to the minister concerning his statement, he may go first.

Mr. FULTON: It is.

The CHAIRMAN: I will not let you go into the whole subject.

Mr. FULTON: I would like to ask the minister what we are to understand on the question he just asked, and the statement he made that he is putting it forward as a fact that General McNaughton had no idea that the British Columbia government and the Kaiser corporation were about to reach an agreement.

Hon. Mr. LESAGE: The only way I can read what is in General McNaughton's mind is by the tenure of the memoranda and the telegrams. Now, you interpret the word "agreement" in the memorandum of the 17th of June one way, and I interpret it in another way as I told you in our discussion yesterday. But, with my interpretation of the word "agreement" I do not believe that the general was aware that there were any discussions going on, conducive to an immediate agreement. That is the way I see it. But I am sure General McNaughton will be here next week and it seems that it is a question which is more properly for him.

Mr. FULTON: I think there is a passage which should be read in that connection. However, do I infer from your question that it came as a surprise to General McNaughton and that he had no previous indication that if such an agreement was rejected it would be on the basis of export of downstream benefits in return for payment by the Kaiser Corporation of the power back to British Columbia and that this came as a surprise to General McNaughton?

Hon. Mr. LESAGE: That an agreement had been reached?

Mr. FULTON: Yes, along these lines.

Hon. Mr. LESAGE: He implied that to me. I do not know whether he said it in so many words but I believe he said that in his evidence.

Mr. FULTON: Certainly your comments are based on either discussions with General McNaughton or evidence he has given here.

Hon. Mr. LESAGE: Yes.

Mr. FULTON: I would like to read two passages from pages 2 and 3 of the memorandum of June 17 and from pages 4 and 5. At the bottom of page 2—this is a report of the discussions of General McNaughton and officials of the Kaiser Corporation—it says:

Mr. McCarthy appreciated the opportunity of reviewing the general plans of his companies. Kaiser Aluminum has been interested in the development of additional power resources in the northwest, and they have investigated the Arrow lakes storage as a possible immediate development.

Now, again, at the top of page 3:

Kaiser engineers have made preliminary studies on feasibility of the project.

Hon. Mr. LESAGE: Might I underline the word "preliminary"?

Mr. FULTON: Yes. Then reading at pages 4 and 5:

Dr. Davis asked about power. Mr. Krey said they would give British Columbia a block of power at cost or any way Canada wants it worked out. It could be transmitted from the United States for use in the Vancouver area. Dr. Davis asked for an estimate of the cost of the project and Mr. McCarthy said they had been using an assumed figure of \$30,000,000. Actual figures would depend on further studies.

I suggest to the minister those two passages should be read in conjunction with the passage already quoted from page 12 in which it appears that General McNaughton said he would have to know the precise position of the companies and the privileges to be granted and the commitments made by the British Columbia government in the matter.

The CHAIRMAN: Does that not confirm the fact that he wanted to be informed between the 17th of June and the 17th of September and he received no information. It is only fair to complete the record.

Mr. FULTON: But I think it is more logically open to the other inference that having come down here to discuss the outline of the proposed agreement that it would be for storage at Arrow lakes and that payment would be by way of a return of a block of power and the Kaiser officials were then told by General McNaughton they should go back to British Columbia and obtain commitments from the British Columbia government, and pursuant to those suggestions, a copy of which was sent to Mr. Sommers and the British Columbia government officials, the Kaiser Corporation then returned to British Columbia, entered into those negotiations, obtained certain commitments, and when the commitments were reduced to writing Mr. Sommers, in accordance with the understanding based on this memorandum, wired General McNaughton saying "Am about to conclude agreement with Kaiser Corporation."

The CHAIRMAN: Did he say "I am about to conclude"? He said, "I am studying the question." He did not say "signing".

Mr. FULTON: I understand that it said an agreement is about to be signed which would be further compliance with General McNaughton's request. General McNaughton said, "Go back and make a deal with British Columbia and then come back here." They went back and made the deal. General McNaughton was advised the deal was made and then for some strange reason it is suggested that something was done behind General McNaughton's back.

Hon. Mr. LESAGE: I have to say that I do not agree with Mr. Fulton's interpretation at all. If he will look at page 13 of the same memorandum of June 17 he will read the paragraph I read yesterday, which is the third complete paragraph on the page which says:

General McNaughton said his own thought was that the views of the British Columbia government should be ascertained. It was important that the Canadian departments concerned should be informed of those views.

If you interpret the sequence of events in the light of this declaration, it is clear that the final words of Mr. Fulton are true and the agreement, because it was an agreement, was entered into in the back and without the knowledge of General McNaughton.

The CHAIRMAN: We are opening the discussion on the statement of Mr. Bonner.

Mr. GREEN: Mr. Chairman, I should like to focus the attention of the members of the committee on the statement made by Mr. Bonner this morning. In other words, on what is being done from now on rather than what General McNaughton or somebody else was informed a year ago. I do not think that is very important material in reaching a final conclusion as to the recommendations this committee should make. Perhaps it was a result of our having been privileged to have before us some very keen young minds. I think the attorney general of British Columbia and our own Minister of Northern Affairs and National Resources and incidentally Mr. Fulton of my own party have shown—

Mr. STICK: You are very modest about your own contribution.

Mr. GREEN: Have shown great ability and keenness and it has been a privilege to be a member of this committee and see the way the question has been debated. I think it has been parliamentary discussion in its finest form.

I wonder if I may have this statement which has been read by Mr. Bonner this morning.

Hon. Mr. BONNER: Would you return that copy; it is my last copy.

Mr. GREEN: From the course of the debates in the House and the evidence given here in the meetings before Easter I think we were all justified in reaching the conclusion that primarily this bill was a bill to give the dominion government licensing control over improvements on international rivers and in particular on the Columbia river system. It was also made very clear that the dominion was not being committed in any way to expend any money in putting in any of these improvements although it had spent and was willing to spend millions of dollars in carrying on investigations.

From the evidence given by Mr. Bonner there has arisen a more serious problem and in my judgment it is contained in two paragraphs in his brief. I want to ask Mr. Bonner to amplify these statements. To me they seem to sum up in essence his real complaint against this bill and they flash a red light in respect of dominion-provincial relations which I think affect every province in this respect. I am referring to page 18 of Mr. Bonner's brief first.

The CHAIRMAN: I thought it was Mr. Bonner's statement of this morning which you were discussing.

Mr. GREEN: Not at the moment.

One paragraph reads as follows:

This bill will permit the federal government to step in and develop significant portions of the water resources of the province without the need of further reference to the province, because I am of opinion that the bill is wide enough to permit the expropriation of the province's water rights by the federal government, and that such provision can be made . . .

And this is significant: "by order in council under section 3 of the bill".

Hon. Mr. LESAGE: Might I say that I secured an opinion from Mr. Varcoe yesterday and he does not agree that the bill has that effect.

Mr. GREEN: That may be but this is what worries me.

Hon. Mr. LESAGE: I secured an opinion yesterday on that point and he told me that he did not share that opinion.

Hon. Mr. BONNER: Lawyers very often disagree.

Hon. Mr. LESAGE: Yes, but I thought I should say that at this point. Mr. Varcoe, our legal advisor, is not of that opinion.

Mr. GREEN: The next is on page 19 to the same effect, but it stresses the point that many of us, certainly from British Columbia are very worried about. It is the last paragraph on page 19 of the provincial government's brief:

In effect, this bill and what may be done under it is wide enough to nationalize the two major drainage basins of the province of British Columbia, and far from being a measure providing for control by negation, it is in the opinion of the government of British Columbia, a bill by which the national government without provincial consent is enabled to develop and utilize certain of the water resources of our province . . .

Mr. BYRNE: On a point of order. Mr. Bonner has indicated this morning he has to return, or at least he cannot be at the disposal of this committee beyond today. The purpose at this time is more for questioning.

Hon. Mr. BONNER: I have to leave on the week-end. I can stay over tomorrow morning.

Mr. BYRNE: It is unusual to have committee sittings on Saturday. Therefore it leaves the committee in this position, that they have a number of questions to ask Mr. Bonner, and when Mr. Bonner leaves and we get into the discussion of the briefs of the various witnesses I think then this subject Mr. Green is discussing would be relevant. We could make up our minds on it. But at this time he is simply taking up the time of the committee which should be more properly directed to asking questions.

Mr. GREEN: I am proposing to ask several questions and I am just laying the basis for the questions.

The CHAIRMAN: If the basis for the questions takes more time than the questions then it is a speech. If the basis is short and the questions are long then you are in order. Otherwise, I would ask that you limit your preliminary remarks.

Mr. GREEN: This second paragraph continues:

—a bill by which the national government without provincial consent is enabled to develop and utilize certain of the water resources of our province—an intention which is clearly stated in the opening lines of section 3 of the bill.

Now, Mr. Bonner, am I right in thinking that these paragraphs sum up your main objection to this bill?

Hon. Mr. BONNER: I would say that these two paragraphs related to the observations of section 92 (10) (c) are the paramount considerations in the mind of the British Columbia government.

Mr. GREEN: And that you base those statements on section 9 of the bill and section 3 of the bill.

The CHAIRMAN: In an ordinary court that might be called a leading question and I do not think Mr. Bonner needs leading, by what we have seen of his ability. If you asked him what were the motives for that, that would be a pertinent question.

Mr. GREEN: I am asking him whether his objections are based primarily on section 9 of the bill, which treats all international river improvement heretofore or hereafter constructed and so on, and section 3 of the bill?

Hon. Mr. BONNER: Yes.

Mr. GREEN: Now, your proposal for meeting this situation which you have discussed today appears to mention three alternative courses that you would like the dominion government to follow. The first one is this:

First, hold up the passage of this bill, or withdraw it entirely, pending an approach to the provinces affected as was done with the Transport Bill a year ago, and cooperatively arrive at a *modus vivendi* which will be mutually agreeable.

That is perfectly clear, but my question has to do with the next alternative. I can find only two alternatives.

Hon. Mr. BONNER: "Hold up" or "withdraw". That is under the heading. First you have "hold up" or "withdraw" entirely. Those are two.

Mr. GREEN: Those are meant to be two—hold up or withdraw entirely?

Hon. Mr. BONNER: Yes.

The CHAIRMAN: There is a third one later on—withdraw certain sections.

Mr. GREEN: The one I am interested in is this one: "The other course would be to remove from the proposed bill its application to existing improvements. . . ."

The CHAIRMAN: The copies of this statement have already been mimeographed and will be circulated.

Mr. GREEN: By that do you mean to remove the provision in the bill which applies to works already constructed?

Hon. Mr. BONNER: Yes.

Mr. GREEN: Do you believe that the bill applies not only to the present works of the West Kootenay Power but also to the British Columbia Power Commission Works, one in east Kootenay and one on Arrow lake?

Hon. Mr. BONNER: That is our apprehension, yes.

Mr. GREEN: You read this bill to the effect that under it the British Columbia Power Commission will have to obtain a licence from the dominion government within a year if it is to continue operating those two provincial power plants?

Hon. Mr. BONNER: Presuming the passing of the bill and its ultimate validity that would be the case.

Mr. GREEN: If the British Columbia government wishes to improve those plants or install other plants on any portion of the Columbia river system you would have to go to Ottawa and get a licence so that you could do so?

Hon. Mr. BONNER: That would follow.

Mr. GREEN: So you are asking that that application for a licence for existing installations be removed.

Hon. Mr. BONNER: Yes.

Mr. GREEN: Then, that the declaration contained in clause 9 be removed.

Hon. Mr. BONNER: Yes.

Mr. GREEN: In other words you want the declaration that all these improvements on the Columbia river system are for the benefit of Canada deleted from the bill?

Hon. Mr. BONNER: That is what it says.

Hon. Mr. LESAGE: In the bill the building of a power plant should not have the effect of altering the flow if it does not effect the flow outside of Canada on international river improvements according to the bill.

Hon. Mr. BONNER: It becomes a very fine argument there.

Mr. GREEN: I think that I cross examined several people before Easter and it was made perfectly clear it would be almost impossible to have any work constructed on the Columbia river or any small tributary which could not be interpreted as an interference with the flow of water over the boundary. We got you to take out uses for irrigation and uses for domestic purposes but apart from those this bill has been explained as covering everything put on those rivers.

Hon. Mr. LESAGE: If it alters the flow.

Mr. GREEN: But, even a small dam could alter the flow over the border.

This is Mr. Varcoe, I am reading from page 21 of the brief:

Q. Well then, that means this: that the province cannot do anything in connection with the waters within its territories if the effect of the works is to be a diminishing of the water which goes over the boundary to the United States?—A. It cannot do anything without a licence under this proposed Act.

Then, you are asking in this alternative also:

And further to amend this bill to provide that it become immediately effective in any province upon proclamation of the Governor in Council.

Just what do you have in mind when you make that suggestion?

Hon. Mr. BONNER: I have in mind that the bill is unnecessary in the first place and secondly if the parliament of Canada is concerned in anticipation of an event which it deems to be undesirable it may nevertheless postpone applying the very serious impact of a declaration under section 92 (10) until its apprehensions are at the point of being realized.

Mr. GREEN: You are asking three things: the deletion of the application to existing improvements, the dropping of clause 9 of the bill, and some provision written into the bill that it will only come into operation in a particular province upon proclamation by the Governor in Council. Does that sum up the situation?

Hon. Mr. BONNER: It does.

Mr. GREEN: Then the other provisions are about the appropriate ministers consulting and so on. I am not concerned with that at the moment. Suppose this committee felt that there should be further discussions between the two governments, is your government prepared to go into consultation with the dominion government on the basis of the suggested changes in the bill?

Hon. Mr. BONNER: At any time.

Mr. GREEN: I beg your pardon.

Hon. Mr. BONNER: At any time.

Mr. GREEN: At any time. Another question which has been worrying me is this: is the effect of this bill on the great rivers which run out of British Columbia through the Alaskan panhandle the same as the effect of the bill on the Columbia river system? I point out that these great northern rivers are practically unknown or the potential is almost unknown which would probably be very very great; even in British Columbia we are not very well aware what can be done.

The CHAIRMAN: Pretty soon we will be up in Alaska.

Mr. GREEN: No. The minister has lumped the two basins together, the Columbia system and the systems in the northwestern corner of the province, and they are only in this bill because they run out through a corner of Alaska. I want to ask if he thinks the two river systems are in the same position?

Hon. Mr. BONNER: There is no doubt about that. The brief contains reference to the Frobisher proposals in the northwest corner of the province and the Frobisher people through the agency of the Northwest Power Limited have deposited \$2½ million with the government of British Columbia in conjunction with certain works in which they are at the present time engaged. I am gravely concerned what the effect of this bill will have on those negotiations.

Hon. Mr. LESAGE: We do not need this bill to have jurisdiction over that project because it uses the waters which go through the Yukon Territory, and I had to issue a survey permit from my department as Minister of Northern Affairs.

Mr. GREEN: These two ministers do get at each other.

Hon. Mr. LESAGE: So far as the Northwest Power Corporation is concerned there is no doubt they have to come to us with their scheme because of our jurisdiction over the Yukon's natural resources.

Mr. GREEN: I am not asking about the Yukon. I am asking about the Taku river which is in British Columbia and that is where the big power plant is to be.

The CHAIRMAN: You have received an answer already. The minister has answered you already.

Mr. GREEN: Had the minister finished?

The CHAIRMAN: He had finished.

Hon. Mr. BONNER: I would only observe in connection with the Honourable the federal minister's remarks that the category in which the international rivers in the northwest corner of the province would be placed is the same under this bill, whether they be rivers which are the concern of the federal government or not.

The CHAIRMAN: That is the final one, Mr. Green. My point is this: if you want Mr. Bonner to be able to leave tomorrow, then I cannot let any member monopolize the time of the committee. I must be fair to all members. I have five on my list now who wish to speak. I must be fair to them.

Mr. GREEN: Mr. Chairman, yesterday you allowed Mr. Croll to speak for forty-five minutes in the opening questions, and I took only fifteen minutes.

The CHAIRMAN: You took half an hour in the afternoon.

Mr. GREEN: I do not want to be accused of monopolizing the time of the committee. Today I waited until everybody else who wanted to ask a first question had done so. I do not think it is fair of you to accuse me of monopolizing the time of the committee.

The CHAIRMAN: I think we ought to shorten our remarks this morning if we want to give these gentlemen a chance to leave. I asked you if that was your final question.

Mr. GREEN: We had evidence given before Easter that if a portion of the Columbia river is diverted into the Fraser river system, then it would not be possible to fulfill the commitments made under the Kaiser deal. Putting that in reverse, if the Kaiser dam is built, that might prevent the diversion to the Fraser river taking place. What is your reaction to that?

Hon. Mr. BONNER: The information of our technical advisors is, that if the three million acre feet of storage be included with the eighteen million five presently deducted for American use, that a diversion into the Columbia river—

Mr. GREEN: You mean into the Fraser river.

Hon. Mr. BONNER: Pardon me, that a diversion from the Columbia into the Fraser river would not affect the storage proposed at the Arrow lakes.

Mr. GREEN: You do not think that the Kaiser project would affect the feasibility of a diversion to the Fraser river system?

Hon. Mr. BONNER: That is my technical advice.

Mr. BYRNE: I take some exception to the statement that has been tabled and read into the record this morning, and for the following reasons: one of course—

Mr. GREEN: Do not make a speech now. Just ask a short question.

Mr. BYRNE: I shall be careful to see that my introductory remarks are shorter than the question. The minister seems to be under the impression that parliament, which has given second reading to the bill, has done so without giving any consideration as to the implications.

Hon. Mr. BONNER: From what point do you infer that?

Mr. BYRNE:

The government of Canada, on the other hand—in our view with full and reliable information on this matter at hand throughout—and without having so much as hinted at its present opposition...

No, that is not it.

Hon. Mr. BONNER: It certainly is not!

Mr. BYRNE:

My government naturally cannot be expected to appreciate the view apparently held by the government of Canada on the proposed Arrow lake storage. We do not feel that the national interest is endangered by such arrangements as are contemplated in the agreement which we have been discussing.

Hon. Mr. BONNER: With the greatest of respect I do not think that bears out the inference you have drawn. I would ask you to be most careful with respect to any inference you may draw as to my attitude towards parliament.

Mr. BYRNE: At this point the Canadian government is either anxious or reluctant to invade a field hitherto regarded as being provincial.

The matter was discussed at great length in the House of Commons and was passed with I think about twelve dissenting votes, that the principle of this bill could be accepted. My understanding as a member of the House was that the intention of this Bill was to preserve the rights, and resources rather, of Canada in the national interest. Of course, if it preserves the rights of the provinces, it would do so in the national interest, but it had no intention of invading the rights of the province, to make regulations such as the Water Act and so forth. It was for that reason that they were prepared to accept these amendments which you imply indicate some reluctance on the part of the government to pass the bill.

Hon. Mr. BONNER: Oh no, no, no!

When I attended the federal-provincial conference convened last year under the then Minister of Transport, the Hon. Mr. Chevrier, Mr. Chevrier—and I appreciated his point of view—on behalf of the government most carefully stated that as a result of the "Winner" case, certain jurisdiction had been taken by the national government with respect to interprovincial trucking. I believe his words were that the federal government was reluctant to enter into a field which hitherto had been regarded as being a provincial one; and on that account the conference concerned itself with a draft bill which very carefully preserved to the provinces administrative aspects, for all practical purposes, affecting the control of trucking jurisdictions in the same form in which it had existed previously to the decision in the "Winner" case.

That has been a point of view traditionally maintained by the national government in respect to provincial rights, and one which is keenly appreciated in parts of Canada including British Columbia. It has been a careful regard for provincial rights, and the continued expression of that regard which will be the foundation of the future success of our Canadian confederation.

Mr. BYRNE: At the moment we are speaking about water resources, and the effect of their flowing across the boundary. Our railways and telegraph lines are interprovincial.

Mr. Low: As well as international.

Mr. BYRNE: The control of our resources in the best interest of Canada is another matter entirely. Any opposition to the control of our railroads and communications which are in the interest of Canada has a relationship between one province and another.

Hon. Mr. BONNER: I cannot accept that position at all.

Mr. BYRNE: You, a minister, say that the government is either anxious or reluctant. They cannot be both; but I am sure when they introduced this bill, with the results which were obtained in the House, that the government and parliament were most anxious that the bill be passed. I think you must admit that we were not reluctant to pass this bill.

Hon. Mr. BONNER: I have never attempted to construe the mind of parliament except in the evidence of its deliberations as it appears by statute. I am aware, however, that on other occasions there have been many cases in Canada when questions of federal jurisdiction and provincial jurisdiction have come together so that a possible clash may result. The traditional view of the government of Canada has been reluctance to impinge itself upon provincial rights, and I say with great deliberation and complete sincerity that the Canadian federation cannot prevail unless that attitude is preserved.

Hon. Mr. LESAGE: We are not infringing in this case. These are our rights. This is an expression of our rights. After all, Mr. Bonner, you will agree at this point that the kind of works which are left to the provincial jurisdiction according to section 92 (10) of the British North America Act are "local works in a province". But these certainly are works which are of such importance that they might alter a flow outside of Canada and thereby affect property rights in another country. They are certainly not local works in a province. Consequently if they are not listed under section 92 (10), then section 91 applies, and accordingly they are under federal jurisdiction and have always been considered so since 1867. That was Mr. Varcoe's opinion as given to this committee, and it is the opinion of the government.

Mr. FULTON: Why do you need a declaration, then?

The CHAIRMAN: To apply the rights.

Mr. Low: You are giving a very wonderful argument against it.

Hon. Mr. LESAGE: I have said in the House exactly what I am saying now.

Mr. Low:

Mr. Low: It is a wonderful argument for abolishing clause 9.

The CHAIRMAN: Now, Mr. Fulton.

Mr. FULTON: I think that most of the questions I had in mind have already been answered by Mr. Green.

The CHAIRMAN: You say "answered by Mr. Green". That is quite right. Do not withdraw it.

Mr. FULTON: I am glad you attribute such authority to Mr. Green's because so do I. I have one or two short questions. One is on a constitutional matter and the other is on the actual proposed Kaiser dam.

The CHAIRMAN: We are now on a general discussion. We have left this morning's statement. There is nothing more on this morning's brief.

Mr. HENDERSON: There is just one point. Could we have the date line of that telegram sent from Mr. Sommers to Mr. McNaughton. I think it was December 18.

Hon. Mr. LESAGE: From General McNaughton?

Mr. HENDERSON: No, from Mr. Sommers to General McNaughton.

Hon. Mr. LESAGE: 5.05 p.m., Lake Louise. General McNaughton's telegram I think was 10.22 a.m. from Ottawa to Victoria.

Mr. HENDERSON: What date?

Hon. Mr. LESAGE: The 18th.

The CHAIRMAN: It is in the statement.

Mr. CRESTOHL: Apparently, Mr. Bonner, there is a clash of opinion on those three points between the province of British Columbia and the federal government. For example, as to whether the national interest is in danger. You have one view and the federal government has another.

Hon. Mr. BONNER: That appears to be the case.

Mr. CRESTOHL: Is there a way of resolving that by a third view apart from the Supreme Court of Canada without the clash necessarily prevailing?

Hon. Mr. BONNER: You mentioned one resort for which we must reserve our rights.

Mr. CRESTOHL: Of course. But is there in your opinion expert opinion which might be able to resolve this question of danger to the national interest?

Hon. Mr. BONNER: Expert opinion would certainly assist the forming of a proper conclusion.

Mr. CRESTOHL: Would that be one of those projected suggestions which might have been made in that five minutes conference which was mentioned yesterday?

Hon. Mr. BONNER: Many things could arise in five minutes time.

Mr. CRESTOHL: Let us be a little more specific.

Hon. Mr. BONNER: I cannot because we are in the realm of speculation, a realm into which I hesitate to enter.

Mr. CRESTOHL: Would the government of British Columbia consent to submit the expert opinion as an arbitrary or as a third impartial opinion?

Hon. Mr. BONNER: I cannot answer for the government on that point.

Mr. CRESTOHL: Would you be able to obtain an answer from your government on that point?

Hon. Mr. BONNER: I have no idea.

Mr. CRESTOHL: Could you ascertain as to whether you could have an answer about that? We want to resolve this if we can.

Hon. Mr. BONNER: I can hardly be expected to make answers on high policy at a moment's notice.

Hon. Mr. LESAGE: I do not think Mr. Bonner could answer that.

Mr. CRESTOHL: I do not know. Mr. Bonner has been an extremely competent witness in answering some very very important questions. I regard this statement of his as very effective, very significant and very troublesome and that is why I am trying to resolve some of the points Mr. Bonner has raised in it.

Hon. Mr. BONNER: At this point I cannot go beyond the written statement.

Mr. CRESTOHL: You say in the statement that the government of Canada—in paragraph 4:

Without having so much as hinted at its present opposition to the proposed storage arrangement, says now in effect that this is such a disastrous arrangement that we must stop it by passing bill No. 3.

Could you enlighten the committee as to when did the government of Canada say it regards this as such a disastrous arrangement that we must stop it by passing bill No. 3?

Hon. Mr. BONNER: Mr. Lesage I think in the House indicated that this was a fire sale. Were those not your words?

Hon. Mr. LESAGE: Yes, I said that, but according to what you suggest today it is not even a sale, it is nothing.

Hon. Mr. BONNER: Mr. Lesage has really no regard for any merits of this matter at all.

Mr. CRESTOHL: With what respect?

Hon. Mr. LESAGE: Just fire, no sale.

Hon. Mr. BONNER: We are here to put the fire out.

Mr. CRESTOHL: Mr. Bonner, I regard the language "a disastrous arrangement" as a far more serious statement than the minister's statement in the House that it was a "fire sale".

Hon. Mr. BONNER: I am glad to see you think the government's attitude less severe than what it appears to me.

Mr. CRESTOHL: I want to know where you obtained the facts to declare it a disastrous arrangement? My next question is, would you say it was a disastrous arrangement?

Hon. Mr. BONNER: No.

Mr. CRESTOHL: Then on what do you say the government based that statement?

Hon. Mr. BONNER: Quite frankly I do not know on what basis the government would base that conclusion.

Mr. CRESTOHL: I thought the government used the term "disastrous arrangement"?

Hon. Mr. BONNER: I have used that term. I was of the opinion that the expression "disastrous arrangement" was a little more appropriate than "fire sale".

Hon. Mr. LESAGE: Is that your opinion? It is more disastrous than a fire sale?

Hon. Mr. BONNER: I was of the opinion that sort of language was more appropriate if that sort of opinion was being expressed.

Mr. CRESTOHL: Would your government be prepared to submit this to the Supreme Court for opinion?

Hon. Mr. BONNER: Such advice would have to be offered to my government before it is communicated to this committee. I think you will appreciate that.

Mr. CRESTOHL: You will appreciate that this committee will be better informed if it had such an indication from your government?

Hon. Mr. BONNER: I cannot be called upon to give an answer to that question.

The CHAIRMAN: Is it on the memorandum?

Mr. PEARKES: Yes, Mr. Chairman. It seems to me that the clash of the key brains which has been referred to, the Minister of Northern Affairs and National Resources, and the Attorney General of the Province of British Columbia, has been quite amusing and interesting; but the essential thing is that there is a very definite clash between those two views; and when there is a clash, the only people who are going to suffer from that clash are the people of British Columbia and to a lesser extent the people of the United States who would benefit from these downstream resources.

I would like to see some arrangement reached whereby this clash could be eliminated, and whereby the representatives of these two governments might earnestly work together in the best interest of the people of British Columbia.

The Hon. Mr. Bonner suggested certain steps which might be taken by the federal government, namely by withdrawing, or delaying the passage of this bill, or by eliminating certain sections of the bill.

Has the Hon. Mr. Bonner any suggestion which he could advance as to a way in which he might further cooperate, or might commence to cooperate with the federal government in this respect? I am not referring to the passage of information. We have seen that, obviously, on both sides there has been a lack of passage of information which is regrettable.

In my mind both sides had more information about these various matters than they were prepared to admit they had. I cannot believe that General McNaughton was not fully conversant with the proposed Kaiser plan. I have known General McNaughton longer than anybody here and I know his ability.

The CHAIRMAN: He will be here later, so you can ask him that question.

Mr. PEARKES: I feel there is no question about it; but the point is this: how are we going to get these two governments together? How are we going to get cooperation in the interest of the people of British Columbia? I ask the Hon. Mr. Bonner if he has any suggestion as to how that might be brought about?

Hon. Mr. BONNER: Mr. Chairman, I must state that this memorandum contains my best thinking on this question up to this point. I have indicated several times during the course of these hearings that this matter is not completely one-sided, insofar as opportunities of cooperation are concerned. More than that I cannot say at this point.

Mr. HENDERSON: Is this the first time that anybody from British Columbia has come to Ottawa to talk about this matter? Is this the first time that any person representing the province of British Columbia has come to Ottawa to talk about this matter since the second day of May, 1954?

Hon. Mr. BONNER: I would remind the hon. member who is questioning me that we have come here to discuss Bill 3.

Mr. HENDERSON: We are back on the agreement. I noticed that you used the word "agreement" again this morning in your statement in discussing the Kaiser dam proposal. I want to know this: the Kaiser people came to Ottawa to attend a conference on May 2nd, May 4th, June 17th, and September 17th, but nobody came representing British Columbia. I want to know if that is true?

Hon. Mr. BONNER: The record bears out that the communications between the government of British Columbia and the government of Canada on the matter in question are recorded in the telegrams which were mentioned latterly, the letter of the Minister of Lands and Forests of the 21st of May, 1954 in which the third paragraph outlines the discussions which were proposed to be entered into, and substantially anticipated the results which have come about.

Mr. HENDERSON: That is not an answer to my question. You are here today. You were here yesterday. Mr. Sommers was never here before.

Hon. Mr. BONNER: Mr. Sommers was here in November, 1954 and he endeavoured during three days to contact General McNaughton, to whom all matters affecting waters had been passed. The actual reports on this question were, in the view of the government, conveyed most expeditiously by the people who were concerned in the project.

Mr. HENDERSON: You mean that your liaison would be done through the Kaiser people.

Hon. Mr. BONNER: It was not so much a question of liaison as that of urging the Kaiser people's course of action which they adopted, which was to place certain information before General McNaughton and other people from time to time.

Mr. HENDERSON: And they would come back and report to you?

Hon. Mr. Bonner: There would probably be discussions with officials of our government.

Mr. HENDERSON: Coming back to my first question, actually there was nobody discussing this, or representing your government directly other than the Kaiser people who came to Ottawa and returned to British Columbia and reported to your government there?

Hon. Mr. BONNER: That is true, and conversely it is true that representatives of the national government in British Columbia during the same period did not raise the matter with the government of British Columbia.

Hon. Mr. LESAGE: And for a good reason.

The CHAIRMAN: We must adjourn now until this afternoon. We have dealt with a discussion of this declaration, and this afternoon we will resume the debate on the memorandum itself with the hope that we might conclude with the witnesses today. We shall resume at 3:30.

AFTERNOON SESSION

APRIL 29, 1955.

3.30

The CHAIRMAN: Gentlemen, we are now resuming the debate on the presentations made by the government of British Columbia and Mr. MacEachen has asked for the floor.

Mr. MACEACHEN: Mr. Chairman, the evidence brought forth so far in this discussion has had to do principally with the memorandum of agreement and with some of the legal aspects of the Kaiser dam proposal. I would like to present a different line of inquiry in an effort to establish or to get information along economic lines. And to give some indication of the nature of my question I would first of all like to establish the real or economical value of this asset that arises from the storage of the water in the Arrow lakes that would be used for the generation of electricity in the United States. Secondly, I would like to establish some information on the general approach of the government of British Columbia as to the economic returns that should or could come to an upstream country like Canada. Finally, I would like to establish some information of the relationship of the Arrow lakes proposals and its implications to the long run economic development of this part of Canada.

Now, in an effort to establish the economic value of this asset to be stored in the Arrow lakes I would like to draw the attention of Mr. Bonner or his officials to page 44 of the proceedings of the committee.

Hon. Mr. BONNER: Of what year?

Mr. MACEACHEN: 1955, the committee of External Affairs. I believe at this point General McNaughton was giving evidence and he states as follows:

Perhaps I should now give some indication of the real values attaching to storage capacity.

and then later in the final paragraph he presents a summary in which he states the power quantities that will obtain from storing 1 million acre feet of water. Now, the members of the committee have that formula in front of them and it seems to me that 1 million acre feet of water will produce .867 billion kilowatt hours or 867 million kilowatt hours and I would ask now as the first question whether the witness or his officials would agree with that estimate of power potential from the 1 million acre feet of storage.

Hon. Mr. BONNER: Mr. Chairman, if the reporter would be good enough to read the question again I think Mr. Paget might make an observation on it. It is quite a technical point.

(The reporter reads):

Now, the members of the committee have that formula in front of them and it seems to me that 1 million acre feet of water will produce .867 billion kilowatt hours or 867 million kilowatt hours and I would ask now as the first question whether the witness or his officials would agree with that estimate of power potential from the 1 million acre feet of storage?

Mr. PAGET: Mr. Chairman, in the statement of General McNaughton he does not refer it to the B.P.A. If he did there is 840 feet of average developed head. The figure of 1.02 kilowatt hours of energy for 1,000 feet of head would be essentially right.

Mr. MACEACHEN: Would you go on to say that with the full development of this project that your head would approximate the 1,000 feet that is mentioned by General McNaughton?

Mr. PAGET: Yes.

Mr. MACEACHEN: So that there is agreement that with the full potential this is the value of the power quantity that will be produced and of course it will be noted that with the 3 million acre feet the power potential is trebled, as is the case in the Arrow lakes.

Now, Mr. Chairman, having established an agreement on the power quantities the next step I think to establish an economic value is to establish some mill rate for this power to be generated in the United States. On page 101 of the evidence presented to this committee on March 10, 1955, General McNaughton states as follows in the last two paragraphs and here he is commencing on the mill rate for electricity in the United States:

So it is the cost of the steam which the hydro electric people would have to provide to satisfy their loads. The cost of the steam indicates the value of the contribution of the stored water. I pointed out that in the best statistics, which are very very recent. Coming to us from the basin, the newest and latest high pressure steam plants being built in the basin, the best one on tide water, running at base load, will cost 5½ mills per KWH at the bus bars. Such a plant, if in a little less favourable distributing position in the basin, might run up to 6 mills per KWH.

These steam plants are used to carry loads, when the loads are heavy. If they are idle in between, their charges run up to around 8 mills. So I said: let us take an average cost of peaking power steam supply. It amounted to 7 mills, which is quite reasonable.

Now, here in this statement and in other statements which will be found on page 45, General McNaughton establishes seven mills as the power rate in the area at present which will be served by the water from the Arrow lakes proposal. I would now ask Mr. Bonner or his officials whether they accept the statement of 7 mills as being a true appraisal of the rates in existence?

Hon. Mr. BONNER: Mr. Chairman, Mr. Paget commented upon this phase of the General's question the other day. With your permission I will ask him to entertain your question again.

Mr. MACEACHEN: Thank you.

Mr. PAGET: Mr. Chairman, this base cost of steam as set out, is on a continuous year around production, but in the Pacific northwest, steam and hydro are used in conjunction and for as much of the season as possible hydro supplies the load and in the periods of deficiencies steam generation is brought in to make up the balance. The present situation there would be that you would have to have your hydro plant for the full year which has been accepted as about two mills. In addition to that there is a charge for interest and investment on this standby steam plant which you may use for a short period in one out of several years. This shortage you must understand does not occur every year. So we have to make some estimates in that connection, but it is not likely to be more than a mill for the fuel averaged over ten years to supply the deficiency of the hydro power. The full cost of steam plus hydro is about $4\frac{1}{2}$ mills.

Mr. MACEACHEN: Would you agree that the cost of steam generation is 7 mills?

Mr. PAGET: Oh, that would be quite attractive but that is not the situation in the Pacific northwest. It is not steam generation alone. It is an association of the two.

Mr. MACEACHEN: I am talking about the utilization by power companies of steam, at particular times of the year. Is it not true that when steam is used, the cost of the generation of this steam power is from 7 to 10 mills?

Mr. PAGET: I cannot agree with you. That is not exactly right, because in the utilities, you do not change your billings in November because you have to use steam and then return to another billing in May when you start to use water.

Mr. MACEACHEN: I am interested in the cost to the power company which must provide additional power from steam at 7 mills.

Mr. PAGET: That is what I told you, because a power company which is using steam would supplement its "interruptible" power.

Mr. MACEACHEN: And it would cost 7 mills.

Mr. PAGET: I said it would cost between four and four and one-half mills. Of course that means the association of hydro and steam; but steam alone when they used it, might cost them 7 mills.

Mr. MACEACHEN: That is my point. There is a crucial distinction between the average cost of the power when you combine steam and hydro. The marginal or additional cost which the power company must pay to get additional power in those peak periods would cost them 7 mills.

Hon. Mr. BONNER: With respect, I do not think that is the conclusion at which Mr. Paget arrived. I understood that the gentleman who was asking the questions was approaching a situation in which steam and hydro were intermixed, and that was the problem to which Mr. Paget addressed himself.

Mr. MACEACHEN: Let me take it in another way: apparently the Kaiser Aluminum company proposes to use this power to be generated as a result of water from the Arrow lakes to replace expensive steam power. The statement

has been made by many people including the Hon. Mr. Sommers, that this power is to be used to replace expensive steam power which General McNaughton said is worth 7 mills.

The true worth of the power to be generated through the Arrow lakes is the worth of the power which would have to be purchased in the absence of the Arrow lakes storage. That is the point I want to establish here. In approaching the problem it is not correct economically to cite the average cost when the real cost is the additional cost of generating the steam.

I believe that General McNaughton here is on very solid economic ground in establishing a mill rate of 7 for this power.

I do not want to be unfair, but it seems to me that the real issue in the cost of the additional power is the worth of the water from the Arrow lakes or the worth of the electricity from the water from the Arrow lakes.

Mr. PAGET: I cannot quite agree with you because an association has to be on a year-round basis, otherwise it is not realistic to any power user or to any power company. The water stored in the Arrow lakes is usable for at least eight months of the year, so you have to bring it into comparison with some other form of energy which is going to be used for a like period of time; and it still is very important to realize that the Pacific northwest is not completely devoid of power.

I shall read you a little summary in that respect which may interest you.

In the Pacific Northwest states there are 70 new hydro projects which could be potential sources of hydro power by 1964.

An installed capacity of between 11,540,000 KW to 12,600,000 KW is possible and as a maximum, could develop 32 million acre feet of storage.

For 45 of these projects (8,360,000 KW installed capacity) some positive intentions for development have been expressed.

So you can see that the matter is not as completely thermal as you might suggest. There still are merits for hydro power. As against a thermal power installation, Thermal is only attractive for firming it up for very short periods during the occasional year.

Mr. MACEachen: In the letter of July 12 from Mr. McCarthy to General McNaughton, the following paragraph appears:

The company proposes to construct a low-level dam to create approximately 3,300,000 acre feet of storage for downstream generation. The water thus stored would be released during appropriate periods of the year, and would create about 350,000 horsepower on a year-around basis from downstream projects now existing and under construction. As further projects on the Columbia river are built, the amount of generation resulting from the water stored would increase and eventually approximate 500,000 horsepower.

There are two questions which arise from that letter. The first question is: does it not presuppose that this power is to be generated on a year-around basis? At least that is a clear statement by Mr. McCarthy when speaking on behalf of the Kaiser Aluminum company; and secondly, what is the amount of power which eventually will be generated?

I would ask Mr. Paget to convert for me this five hundred thousand horse power per year into kilowatt hours, so that we may have a relationship between the power quantities established by General McNaughton.

Mr. PAGET: You are asking me to convert horsepower into kilowatts? Is that correct?

Mr. MACEachen: Yes; this five hundred thousand horsepower per year.

Mr. PAGET: It would be about 370,000 kilowatts.

Mr. MACEachen: And how about kilowatt hours?

Mr. PAGET: You would have to multiply the kilowatts by 365 days, and 24 hours per day.

Mr. MACEachen: What would that be?

Hon. Mr. BONNER: Now, Mr. Chairman, it is well known that arithmetic works itself out. You have the calculation there.

Mr. MACEachen: No. I have not got the calculation.

Hon. Mr. BONNER: Anyone can work it out.

Mr. MACEachen: I want to establish that the quantities given here as a potential may exceed the quantities estimated by General McNaughton in his evidence before this committee from which I have just quoted. I just want a confirmation of the estimates of General McNaughton as to the power quantities; and secondly, from the letter, which is a clear statement by Mr. McCarthy, this power is to be used on a year around basis, not for two months.

Now, the next step in putting some economic value on this is to multiply the 7 mills by the total quantity of power. That is what General McNaughton has done; and it approaches \$18 million.

The economic value therefore of this asset stored in the Arrow lakes eventually will be \$18 million according to General McNaughton. I would ask the Hon. Mr. Bonner or his officials whether they regard this as an approximate valuation?

Hon. Mr. BONNER: Not having accepted the premise, we can hardly come to that conclusion.

Mr. MACEachen: The premise, of course, is that you do not accept the mill rate.

Hon. Mr. BONNER: That is right.

Mr. MACEachen: The premise is based on the averaging of hydro power rates with steam power rates and getting an average of the two. But the real and economic approach is to take the cost of generating additional power, which is what Kaiser is doing; and it costs them 7 to 10 mills; that is for the additional power generated from steam which will be replaced by the water from the Arrow lakes. And I suggest that the real and economic worth on the market of this impounded water is \$18 million.

The CHAIRMAN: Have you any comments, gentlemen?

Mr. MACEachen: The market worth is approximately close to the economic worth. I think that any economist would agree with that.

Mr. Low: They would say that the economic worth is what we can get for it.

Mr. MACEachen: What they pay for the alternative source is the real thing.

Mr. Low: Not necessarily what they pay for it.

Mr. MACEachen: I want now, if I may, to ask this question. The Hon. Mr. Bonner this morning in his memorandum alluded once more to the arrangement contemplated in the agreement under discussion, and he did not regard the contemplated arrangement as being uneconomical or hostile to the national interest. I want now to ask the Hon. Mr. Sommers or any of the officials: What, in money worth, will British Columbia receive under the arrangement which is contemplated in the agreement?

Hon. Mr. BONNER: To approach the question on an assumed rate of \$20 per kilowatt—

Hon. Mr. LESAGE: May I remark, Mr. Chairman, that it is surprising that the representatives of the province do not know what the benefits would be under the so-called agreement.

Hon. Mr. BONNER: Well now, Mr. Lesage, I think the surprising thing is that you should make that remark.

Hon. Mr. LESAGE: We have been waiting for an answer for quite a long time.

Hon. Mr. BONNER: Well now, I will observe, and I think with propriety, that on several occasions when questions have been asked in this committee sometimes the answers have not come back for one or two days.

Mr. LOW: Hear, hear.

Hon. Mr. LESAGE: I do not know on what score.

Hon. Mr. BONNER: The assumed rate of \$20 per kilowatt per year in terms of a developed head of 840 feet would give on that assumption a net return to the province of approximately \$2 million per annum.

Mr. MACEACHEN: That is what I would now assume to be the final valuation of benefits as I read the newspaper reports and speeches—

Hon. Mr. BONNER: Just a moment now, that assumption is based on thin air.

Mr. MACEACHEN: Mine or yours?

Hon. Mr. BONNER: Well, I have not been giving out any air in the last few minutes.

Mr. MACEACHEN: Your record is good, though!

Hon. Mr. BONNER: I will try to improve upon it this afternoon! The assumed cost of \$20 is something which will vary over the years, and it will vary upwards because of the increasing value which will be given to power in an area which is developing and receiving a greater concentration of people.

Mr. MACEACHEN: At any rate I accept your statement in full that it is about \$2 million.

Hon. Mr. BONNER: That is the initial minimum, and I would point out as well that the returns would be further increased, translating it into dollars, as additional power facilities would be installed along the Columbia in the future. That would have to be based on any agreement with the Bonneville Power Administration.

Mr. MACEACHEN: Bringing power developed from this project as the additional power was generated.

Hon. Mr. BONNER: I took it that you were directing yourself to this work.

Mr. MACEACHEN: That is right. Therefore the current evaluation of benefits placed by Mr. Bonner in relation to British Columbia is \$2 million annually with the prospect of additional increases as more power is generated which is not a great amount of power. General McNaughton when he appeared before this committee placed his evaluation of that at \$18 million. There is, however, a ratio, a difference between \$18 million, if you take General McNaughton's estimate as the real estimate, and the fact that you present it to the committee as a \$2 million return to British Columbia. Now, I would ask Mr. Bonner whether he would regard this ratio as proposed in this arrangement as constituting a good basis for Canada and British Columbia in settling downstream benefits?

Hon. Mr. BONNER: It is very difficult to compare an actual return with an evaluation placed upon a matter in theoretical application as you have done.

Mr. MACEACHEN: Well, there is no actual return to anybody yet.

Hon. Mr. BONNER: No, but we are comparing two things. In other words, we are dealing with a situation that is established by a market on the one hand, so to speak, in terms of an evaluation in which you might say you are capitalizing a situation for the purposes of putting a dollar sign along side of it. Now, the evaluation of \$18 million which I understand you to say is based upon General McNaughton's remarks presupposes that 7 mill rate with which we do not concur and there is some variation therefore even in that comparison, if we were going to make a comparison based on our own view of the subject. In any event, the actual dollar return which is in practical contemplation is this minimum net return to the province of \$2 million per annum without having to take into consideration in that connection any cost of capital investment or anything else of that sort. There is no cost of generation facilities or anything else to be borne by the storing company.

Mr. Low: Or delivery to the boundary line?

Hon. Mr. BONNER: That is correct. The delivery would be free to a point on the Canadian border to be designated by the British Columbia government or its appropriate agency.

Mr. MACEachen: The difficulty now of course rests on the applicable mill rate?

Hon. Mr. BONNER: It is not confined to that subject alone. It must be examined as well in terms of the deduction from the capital sum that you would have to place into account if you were undertaking the expense to install storage to place generating facilities, and to include the cost of transmission back to the Canadian border.

Mr. MACEachen: All right. That is to be done, is it not, by Kaiser Aluminum?

Hon. Mr. BONNER: It has to be done by the arrangements which would be collateral to the agreement.

Mr. MACEachen: And it brings into effect this particular collateral charged and the cost and the recurring charges would be undertaken by Kaiser Aluminum. Could you help me in reaching some figure as to what this cost would be to Kaiser Aluminum?

Hon. Mr. BONNER: My advice is that the Minister of Northern Affairs stated that the cost would be 4.6 mills.

Mr. MACEachen: I mean not in power, but in terms of capital cost and carrying charges and so on.

Hon. Mr. BONNER: Using your own approach to the question, that is a definite way of designating it because you can take the 4.6 mills and work back if you have sufficient paper and pencils, but that is the result you arrive at.

Mr. MACEachen: It is true that the Minister of Northern Affairs and National Resources did make certain assertions as to the total cost of the project to Kaiser Aluminum in a letter which has been made public addressed to W. D. Crowder, Esquire, Trail Chamber of Commerce, Trail, B.C.—

Hon. Mr. BONNER: What is the date of that letter?

Mr. MACEachen: January 4, 1955.

Hon. Mr. BONNER: Is that letter in the possession of the government of British Columbia?

Mr. MACEachen: It was addressed to the Trail Chamber of Commerce. It is not confidential.

Mr. Low: It is in the possession of everybody now, because it has been mimeographed and sent abroad.

Hon. Mr. BONNER: Do I understand that a copy has been sent to our government?

Mr. MACEachen: I do not send copies.

Hon. Mr. BONNER: I did not ask you if you sent copies.

Mr. MACEachen: Then the answer is that I do not know.

Hon. Mr. BONNER: And what does the letter deal with? I have not seen it and perhaps I might have the opportunity of perusing it, Mr. Chairman.

The CHAIRMAN: The member can quote what is in it, and then we will decide.

Hon. Mr. BONNER: When I introduced material this morning, I understood I had to file it with the chairman.

The CHAIRMAN: Yes, afterwards, but not before you read it. We do not even know what is in the letter. You read your material and afterwards filed it. We may ask to have this one filed later on.

Hon. Mr. BONNER: May we have copies of it, as well?

The CHAIRMAN: We will see to that.

Mr. MACEachen: The reason I am referring to this letter is simply because the minister has made a certain calculation as to the particular costs to Kaiser Aluminum. Page 2, paragraph 3 of the letter read in full as follows:

Some two billion kilowatt hours of electrical energy will be made available at the generating plants of the Bonneville Power Administration at Grand Coulee. The total cost of the project, including carrying costs (\$2.4 million), generation and transmission charges (\$1 million), value of B.C.'s share of power and water rentals (\$1 million), will amount to \$4.4 million approximately. This is equivalent to 2.2 mills per kilowatt hour which is very cheap power.

I would ask Mr. Bonner or Mr. Sommers if they would regard this estimate of the total cost of the project as being a fair and accurate estimate?

Hon. Mr. BONNER: Perhaps while we are waiting for the answer, the minister might be able to enlighten me on what basis he was apprized of the situation under which the Kaiser proposal would entertain these expenses?

Hon. Mr. LESAGE: From Mr. Sommers' declarations, the radio talk and the following reports in the press. That was our only source of information, because we did not have a copy of the agreement at that time.

Hon. Mr. BONNER: May I be further advised at what point you requested a copy of that agreement, Mr. Lesage?

Hon. Mr. LESAGE: I did not request one because I read in the papers that Mr. Sommers had publicly said that the agreement would not be made public until such time as he would have tabled it in the local house, and that was public knowledge.

Hon. Mr. BONNER: You made no inquiry to ascertain if this could be forwarded on a confidential basis?

Hon. Mr. LESAGE: No, I did not think it would be useful because I understood from the reports that I read—which everyone in Ottawa read—that this document would be made public only after your legislative assembly would have convened. That was at the beginning of January, I believe. As a matter of fact, Mr. Sommers did table it in the House at the beginning of January, and I immediately wired Mr. Warren of our Vancouver office asking him to secure copies of the agreement which he did and he sent it to me. It was my source of information.

Hon. Mr. BONNER: There was, of course, no reason why you might not have wired to Mr. Sommers.

Hon. Mr. LESAGE: Mr. Sommers had never communicated with me regarding the Kaiser deal or agreement, or whatever you call it.

Hon. Mr. BONNER: I take it you were not apprized of the negotiations which were in prospect as the result of Mr. Patterson's attendance at the meeting of June 17, 1954?

Hon. Mr. LESAGE: The meeting of June 17 was preliminary to such an extent that General McNaughton asked the Kaiser corporation people to have preliminary talks with the British Columbia government. Therefore, it was more than preliminary, it was even before the talks were preliminary when this June 17th meeting was held.

Hon. Mr. BONNER: Then I perhaps should take you back further to inquire if Mr. Sommers' letter of May 21st, 1954, in which this matter was discussed at length in the third paragraph, was not referred to your department?

Hon. Mr. LESAGE: Just a moment, and I will look at the letter. In the meantime I must say I certainly did not take any personal cognizance of this matter at the time. As you know, Mr. Bonner, if I might explain because you are questioning me on my personal knowledge of this matter—as you know, talks usually start with officials of the department at the level of the engineers or of the branch directors, and when those discussions are at the stage that they are pre-preliminary, they are not brought to my attention. Otherwise it would take days of about a couple hundred hours each if I was to take account of every paper or conversation that goes on in the department.

Hon. Mr. BONNER: I appreciate your difficulty.

Hon. Mr. LESAGE: The same thing happens in your department—

Hon. Mr. BONNER: Well—

Hon. Mr. LESAGE: But it is only when something starts to become concrete that it is drawn to the attention of the minister concerned.

Hon. Mr. BONNER: May I ask —

Hon. Mr. LESAGE: May I finish? You have questioned me, Mr. Bonner.

Hon. Mr. BONNER: Please carry on.

Hon. Mr. LESAGE: The whole question of the Kaiser proposal was at such a preliminary stage up to June 17, that it was clear that it did not have to be brought to my attention, but after September 17, when we learned that the deal or agreement had been entered into without our being previously advised of what I might call the concrete possibility of the agreement, then it was brought to my attention.

Hon. Mr. BONNER: May I just clear up some doubt in my mind. I understood the minister to state that up until June 17, the matter had been of such a preliminary stage that it had not even been brought to his attention—

Hon. Mr. LESAGE: Even on June 17, it was still at a very preliminary stage; in fact, a pre-preliminary stage because I took it from the documents that General McNaughton then suggested that preliminary talks should be held between Kaiser representatives and the British Columbia government.

Hon. Mr. BONNER: Then do I understand that even on matters which now appear to involve high policy you do not receive notice of them at the preliminary stage?

Hon. Mr. LESAGE: I was not personally aware of the problem until I do not know how many hours or days after September 17.

Hon. Mr. BONNER: This is the report of June 28, or the one which arrived under cover on June 28 and which was tabled here—is that sort of report regarded as being something in the preliminary stage?

Hon. Mr. LESAGE: Definitely. It says so.

Mr. PATTERSON: One question, Mr. Chairman, which arises out of the quotation which Mr. MacEachen has used from a document proposing to be a letter by the minister—

Hon. Mr. LESAGE: Yes—

Mr. Low: Does the minister think it is appropriate for a responsible minister of the federal government to write a letter and set out calculations based entirely on newspaper reports?

Hon. Mr. LESAGE: I had to. That was my only source of information. I believe if my memory serves me right that I say so in my letter. Don't I, Mr. MacEachen? You have a copy of my letter there. Don't I say in the beginning somewhere that this is our only source of information?

Mr. MACEACHEN: "Such information as I have supplied derives from statements that have been made principally by the Minister of Lands and Forests."

Hon. Mr. BONNER: May I ask the minister one more question before we go into this any further? This is a rather interesting departure from what I understand to be reasonable dealings in such matters. Is this the only such letter that has been sent out?

Hon. Mr. LESAGE: I sent one to Mr. Crowder and a little later I sent one to Mr. Bailey, I believe.

Hon. Mr. BONNER: Would it be the same letter?

Hon. Mr. LESAGE: Substantially the same.

Hon. Mr. BONNER: I suppose there would be no difficulty in producing for the committee the extent to which it differs?

Hon. Mr. LESAGE: I believe that when I wrote to Mr. Bailey I had seen—there is a difference between my letter to Crowder and to Mr. Bailey.

GENERAL PEARKES: Who is Mr. Bailey?

Hon. Mr. LESAGE: He is the secretary of another chamber of commerce.

Hon. Mr. BONNER: How many chambers of commerce did you communicate with?

Hon. Mr. LESAGE: I have received scores of letters from chambers of commerce asking me for information on this and I did my best to give them information that was available to me, and I wrote to Mr. Crowder, and another letter to Mr. Bailey, and as other chambers of commerce wrote I sent copies of those letters.

Hon. Mr. BONNER: How many in all?

Hon. Mr. LESAGE: I don't know. I sign about 70 letters a day.

Hon. Mr. BONNER: That is about my average, too.

Hon. Mr. LESAGE: So don't ask me how many I sent.

The CHAIRMAN: We will not get into a competition as to which minister signs most letters. Let us get on.

Hon. Mr. LESAGE: These two letters are available to you Mr. Bonner—copies of them. I do not have them physically here.

Hon. Mr. BONNER: I appreciate that. Will a mailing list also be available?

Hon. Mr. LESAGE: I will be glad to put your name on my mailing list for all my propaganda.

Hon. Mr. BONNER: The minister knows I am interested in the mailing lists of the recipients of this letter.

Hon. Mr. LESAGE: There is no mailing list for the recipients of this letter.

Hon. Mr. BONNER: You said you communicated with a number of chambers of commerce.

Hon. Mr. LESAGE: Because they had written to me.

Hon. Mr. BONNER: I am not suggesting that they did not write to you.

Hon. Mr. LESAGE: That means that there was no mailing list.

Hon. Mr. BONNER: You must have addressed the letters.

The CHAIRMAN: Let us go ahead with the work of the committee.

Mr. MACEachen: In the course of questioning I am attempting to place some economic value on this asset . . .

The CHAIRMAN: We would like to get back to the letter and to your argument.

Mr. MACEachen:and to establish by placing an economical value on it the return which an upstream country like Canada might expect for that asset. I asked the question I think whether the government of British Columbia was not in a position to ascertain what the basic cost of the Kaiser project is to the Kaiser Aluminum Corporation. This letter becomes of no consequence now if I can get a direct answer as to what the estimated cost is in the view of the government of British Columbia.

Hon. Mr. BONNER: The figure of \$30 million has been relied upon for the construction of the dam but we are not aware of the cost of transmission and all that sort of thing. It amounts in any event to 4.6 mills to the Kaiser.

Mr. MACEachen: Did not the government of British Columbia investigate what the annual charges would be to the Kaiser Corporation of such a development, and if such an investigation was conducted, what estimate did they reach?

Hon. Mr. BONNER: The estimate is the 4.6 mills figure which I have indicated. The actual figure of course must await the entering into of firm arrangements on the matter of transmission of power back to the border.

Mr. MACEachen: In other words the government of British Columbia must itself agree with the estimate of the Minister of Northern Affairs, because 4.6 mills is arrived at in his calculation. So there is no basis of disagreement there.

Hon. Mr. BONNER: At this stage any intelligent estimate, I think, would be suitable for argument.

Mr. MACEachen: All right. The annual charges submitted to Kaiser Aluminum will be 4.4 million dollars approximately. If we accept General McNaughton's estimate of \$18 million it means we are making available to the United States an asset of \$18 million for an annual carrying charge of 4.4 mills. Would you regard that as a suitable economic arrangement?

Hon. Mr. BONNER: It is a great improvement over the arrangement which we shall have to negotiate with the city of Seattle in respect to the storage on the Skagit river.

Mr. MACEachen: I don't know anything about the Skagit river.

Hon. Mr. BONNER: It is a matter of some moment to us.

Mr. MACEachen: I am attempting to establish whether you would regard the ratio of benefits to the United States under this investment to the carrying charges as being a suitable economic arrangement.

Hon. Mr. BONNER: We have not accepted the premises by which you have arrived at all this. It is an interesting economic examination of the situation but until I turn my mind further to it I am not prepared to accept anything.

Mr. MACEachen: In other words you are not in a position to provide the committee with the type of economic appraisal which would allow members of this committee who are interested in examining the benefits that would return to Canada from this type of arrangement—

Hon. Mr. BONNER: That is not the case at all. I explained the immediate return which we expect would arise under the arrangement, which was an immediate return of \$2 million a year.

Mr. MACEachen: It is \$2 million per year. In January 1955 Mr. Sommers in a speech in the legislature in British Columbia said as follows—I am reading from page 22 at paragraph 2:

"Our agreement with the Kaiser Corporation would cost the people of this province absolutely nothing for an annual return in taxes and power valued at well over \$1,000,000 a year for 50 years with the assurance that at the end of this time the annual income is increased".

The reason I quote that statement is that Mr. Sommers was modest in putting the figure at "well over \$1 million" since today it is \$2 million and we are in agreement on that.

I would like to direct the committee's attention to another point in this inquiry, Mr. Chairman, and that is: did the government of British Columbia in their negotiations with the Kaiser Aluminum Corporation give consideration to the relative power costs of competing aluminum industries in Canada and the United States and whether the results of that investigation assured them that by making this power available to Kaiser Aluminum they were not hindering the development of the Kitimat at Alcan.

Hon. Mr. BONNER: The answer to that I think is best contained in the facts which have occurred since September 17, 1954. The Kitimat Aluminum installation is undergoing extension by the investment of a further \$190 million. It is apparently not the thinking of that company that this proposed arrangement would interfere with the economic position which they enjoy.

Mr. MACEachen: I am asking whether the government of British Columbia investigated the power needs of ALCAN before entering into this arrangement?

Hon. Mr. BONNER: My advice is that the mill cost of production in the Aluminum Company of Canada's project at Kitimat is not available to our government. That figure to my knowledge has not been established and made public.

Mr. MACEachen: I asked if an effort was made to ascertain the mill cost.

Hon. Mr. BONNER: The conclusion which I arrived at would be based on a previous attempt to appreciate that picture.

Mr. MACEachen: So you did ask ALCAN what their costs were?

Hon. Mr. BONNER: We have had many conversations with them. They are one of our very valued industrial developments in British Columbia.

Mr. MACEachen: In view of those many conversations, would you be prepared to disagree with the hon. Minister of Northern Affairs and National Resources when he states that the power cost of the ALCAN is approximately seven mills?

Hon. Mr. BONNER: If I have no information upon which I can rely from the company I would be interested to know how the hon. Minister for Northern Affairs has this information.

Mr. MACEachen: In other words, it seems to me that the making available of power to an American industry at a certain mill rate is of great consequence, as has been stated here. I think Mr. Sommers said it would be 3.5 mills to Kaiser. If they get it for 3.5 mills and it costs ALCAN 7 mills this is a matter of real economic consequence to the Aluminum development in British Columbia and I am interested in finding out whether there has been an approach to this problem that is satisfactory to members of the committee.

Hon. Mr. BONNER: I think our examination of the facts as they are included suggest consideration of that point. I tried to indicate to the committee I think

two days ago, that more important than the mill rate of power produced in British Columbia is the hurdle which our industry has to jump tariff-wise in getting into the United States. Perhaps Mr. MacEachen will go on to examine that portion of the economic problems associated with industry in this country.

Mr. MACEachEN: I intend to later on in my examination.

Mr. PATTERSON: On a point of order, I wonder if there are any other members of the committee who wish to ask questions. I think the present questioner has been on his feet for fifty minutes and I believe we were to be limited to 20 minutes.

The CHAIRMAN: This is the first time this member got up in the proceedings for the last three days. The other members have had three or four opportunities to be on their feet. This is the first time we have had a study of the economic aspects and afterwards we will give an opportunity to other members.

Mr. PATTERSON: Does it depend on what we are discussing as to the length of time?

The CHAIRMAN: No. It is just that this subject was not broached before.

Mr. MACEachEN: Mr. Chairman, I want to make a fair assessment of the evidence given by the witness on this point and I concluded from him that he was not in a position to assert the power cost to ALCAN at the present time.

Hon. Mr. BONNER: We can make an educated guess as to its cost, but to assert it in the positive fashion such as you desire of me I will not undertake to do because on matters of that kind I intend to be as precise as I can.

Mr. MACEachEN: In your educated guess which you apparently have, would it disagree with the educated guess of the Hon. Mr. Lesage that it is 7 mills?

Hon. Mr. BONNER: Yes.

Mr. MACEachEN: It would?

Hon. Mr. BONNER: Yes.

Mr. MACEachEN: And this is based on an investigation of the project?

Hon. Mr. BONNER: That is right. I might say that the educated guess would bring our estimate far below Mr. Lesage's figure.

Mr. MACEachEN: But you are not in a position to give me any facts which I could examine as to the reliability of the educated guess?

Hon. Mr. BONNER: I take it that the hon. federal minister has also given an educated guess and it is a case of one guess against another at this point.

Mr. MACEachEN: I take you are not in a position to give me any facts on which I could work to establish the liability of the educated guess?

Hon. Mr. BONNER: At this moment no.

Mr. MACEachEN: I am heartened that the government of British Columbia did investigate this problem because Mr. Sommers is quoted in the *Vancouver Province* of October 15, 1950, as saying he did not know ALCAN'S cost, but in view of the fact that that has been covered I do not intend to pursue that in any quarrelsome sense.

I was very interested in the proposition of power costs as being of great consequence because you mentioned the problem of United States tariff. Would you be in a position to convert the tariff rate against Canada in mill rates as it would affect the development of ALCAN?

Hon. Mr. BONNER: On the spur of the moment you are asking me to draw a pretty long bow.

Mr. MACEachEN: I know that it is something which is rather specialized but I do mention the point because it is my estimate that if you convert the tariff of the Canadian Aluminum into mills it would be 4 mills. If ALCAN's mill rate is 7 plus 4 that is 11 which certainly places ALCAN in a very difficult position vis-a-vis the American aluminum industry.

Hon. Mr. BONNER: That does not appear to be a point of view shared by ALCAN in view of their intended investment of an additional \$190 million.

Mr. MACEachen: An investment of the kind undertaken by a company of ALCAN's magnitude is not on a short run basis but over a long term investment.

Hon. Mr. LESAGE: I understand the investment of ALCAN was decided upon after ALCAN was aware that this bill was going to be introduced in the House of Commons.

Hon. Mr. BONNER: Do I understand that the ALCAN Company of Canada has information prior to the government of British Columbia?

Hon. Mr. LESAGE: I believe that the government of British Columbia was advised by a letter of the Right Honourable Mr. Howe to Mr. Sommers dated October 8. I am sorry, it is a letter from the Right Hon. Mr. Howe to Mr. Bennett the premier of British Columbia.

Hon. Mr. BONNER: Perhaps the nature of the bill proposed in that letter would be read from the letter.

Hon. Mr. LESAGE: The nature of the bill at that time was thought to be an amendment to the Electricity and Fluids Exportation Act. But, the intended effect of the amendment to that Act which I just mentioned was to be the same as the effect of the present bill, as far as it would interfere with the agreement between the province of British Columbia and the Kaiser Aluminum Company.

Hon. Mr. BONNER: I take it from the paraphrase language of the letter that there was an anticipated amendment to what Act?

Hon. Mr. LESAGE: The Electricity and Fluids Exportation Act, but to the same effect.

Hon. Mr. BONNER: That is not notice of the introduction of this bill.

Hon. Mr. LESAGE: Then, let us correct my English—the introduction of legislation.

Hon. Mr. BONNER: It is not your English but your ideas. I take it that the Aluminum Company of Canada was advised specifically of the introduction of this bill.

Mr. MACEachen: I have some other questions along economic lines but I realize that there are other members of the committee who wish to get on the list of questioners and I will postpone my questions.

The CHAIRMAN: Are you asking for the floor, Mr. Patterson to continue with economic questions?

Mr. PATTERSON: No.

The CHAIRMAN: When you interrupted Mr. MacEachen I thought that you wished to ask some questions also. Does anyone wish to pursue this field while we are on the economic aspects? I think for the sake of the record if no one else wishes to question on this matter we might let Mr. MacEachen continue.

Mr. MACEachen: Mr. Chairman, these remaining questions which I wish to ask are not intended to bring out data but they are more intended to bring out the view of the government of British Columbia as to the proper course of resources planning because this bill affects such an important water resource of Canada. I might mention that, coming from the province of Nova Scotia where we have not a single river we can use for the production of electricity, I get a vicarious satisfaction in dealing with these magnitudes in the projects for the development of another part of Canada.

I wish to ask some broad questions and I think in the development of this resource we can hook it up with a lot of discussion which has been going on in the House of Commons where the view is put forward that our own resources

should be kept in Canada as much as possible, processed in Canada, and should not be exported in the raw state. And it seems to me that the government of British Columbia in dealing with this issue had before it two broad alternatives; one to keep the power in British Columbia for development of at site power or to make it available for export to the American pacific northwest.

Hon. Mr. BONNER: Just a moment.

Mr. MACEachen: This is a broad question.

Hon. Mr. BONNER: It is so broad it does not make sense to me.

Mr. MACEachen: I want to follow this up.

Hon. Mr. BONNER: I just want to correct that point. We are not talking about exporting power; but we are talking about importing power if you are relating your remarks to the subject on which we have been digressing for two days.

Mr. MACEachen: You are making available water which generates electricity in the United States, 80 per cent of which would be retained in the United States and 20 per cent of which would be exported from the United States to Canada and I think the substance is that this water resource instead of being developed in Canada is being made available to the United States.

Hon. Mr. BONNER: I am merely asking you to maintain these verbal distinctions but perhaps you do not regard them as seriously as I do.

Mr. MACEachen: I am asking the question what considerations of policy induced the government of British Columbia to enter into this agreement making power available to the United States instead of developing it in Canada, what broad policy considerations with respect to economic development?

Hon. Mr. BONNER: The development of at site power on the Arrow lakes and the site in question is in our technical advice not possible, therefore, it becomes a question of giving proper utility to a resource which you might otherwise say is running downhill.

Mr. MACEachen: Could I relate that to my next questions by asking you this: does your technical advice suggest to you that the development of the Arrow lakes will prevent the development at Murphy creek and the diversion? That would mean if eventually carried out, the development of power in Canada; does your technical advice at present suggest that these two internal developments are out of the question?

Hon. Mr. BONNER: The answer briefly is no. In other words Arrow lakes does not interfere with these other sites and developments which you mentioned.

Mr. MACEachen: You have the technical advice and the technical information to assert that the development of the Arrow lakes would not interfere with the development of power in Canada at Murphy creek and through the diversion?

Mr. GREEN: You mean the diversion into the Fraser?

Mr. MACEachen: Yes.

Hon. Mr. BONNER: That was the information which was placed upon the record here.

Mr. MACEachen: That is technical advice. I have no way of checking on it. Would you agree with the General's assertion, Mr. Bonner, that the making available of power to the United States will assist in the further development of American resources?

Hon. Mr. BONNER: There will be an assist, there is no doubt; and I must point out that the export of natural gas will have the same effect.

Mr. MACEACHEN: Would you say that there is a shortage of power now in the American Pacific northwest?

Hon. Mr. BONNER: That is information which I believe is accurate.

Mr. MACEACHEN: Would you say that if Canada in order to sacrifice—

Hon. Mr. BONNER: May I go back, Mr. Chairman? I am corrected; Mr. Paget tells me that at the present moment the shortage in the Pacific northwest states is not too acute.

Mr. MACEACHEN: Would Mr. Paget agree that there would be a developing need for power in the American Pacific northwest, and that it will be more expensive to provide it? Would he agree with that?

Mr. PAGET: Yes, I agree with that. Their forecast shows that they will ultimately need another 50 million kilowatt of plants against which certainly this block of power has not much significance. I did read you some remarks briefly concerning what was in planning at the present time in the Pacific Northwest States.

Mr. MACEACHEN: I can arrive at the conclusion that their power shortage is not acute; but in the long run, the need of power is evident in the American Pacific northwest, and we have an agreement on that.

My next question is: what consideration did the government of British Columbia give to the evident economic fact that if power is not made available to industry in the American Pacific northwest it will eventually be forced to come to British Columbia and to locate there?

Hon. Mr. BONNER: We gave such consideration to that possibility that we joined with the government of Canada in opposing the Libby dam project, because the storage which might result from that project would diminish in the next few years the value which might be placed upon Canadian storage. However, in the United States as well as in Canada, the development of atomic energy is very much to the fore; and relying upon an assertion contained in the British White Paper on atomic energy in that country, it appears that the foreseeable development of that alternate source of energy will be comparable to energy created by coal.

Mr. MACEACHEN: Still, I would like you to comment, if you could, because I am interested in this problem. Very frankly, I am very interested because it is my view that keeping the prospects of power development within the borders of Canada will eventually encourage and induce American industries to locate in or near a source of cheap power; and you have the possibilities of development of such cheap power. It may be the power will not be such an important factor. For example, you have attracted heavy electricity-using industry by keeping the power. So, from the United States you would also attract large secondary industries with great indirect benefits to the economy in British Columbia, far beyond the benefits you may get under the Kaiser development. That is first of all a question of policy on which I would like a frank discussion from you.

Hon. Mr. BONNER: In the realm of speculative probability in which we now find ourselves it is very difficult to be as frank as I know you want me to be. There is no doubt that the proposed hydro developments in British Columbia, and those which presently exist, will constitute one of the best assets which British Columbia and Canada will have.

Our policy on the export of power I think is stated in the brief. It is to this effect: that the government of British Columbia would not consent to the export of power to the United States except for temporary or in unusual circumstances in which the national interest and the economy of British Columbia would not be effected. Now you are inviting me to go along with the proposition of engendering a power shortage in the United States and of course I will not comment on that phase of your question.

Mr. MACEachen: I am suggesting, in terms of the prosperity and living standards of the Canadian people, that we should not be over zealous to alleviate a power shortage in the United States because it would affect the location of industry in British Columbia which would convey great benefits upon Canadian citizens, which is the first concern of this committee despite our interest in maintaining good relations with the United States; and I suggest, without pressing the point, that this development at Castlegar contains the germs of an idea which I think is not in the best interest of British Columbia or Canada for the long run development of the country.

Hon. Mr. BONNER: Might I comment on that point in view of the expression of opinion, or would Mr. MacEachen care to comment in answer to a question of mine?

The CHAIRMAN: Would you kindly answer Mr. MacEachen, if you care to comment?

Hon. Mr. BONNER: He made an assertion that the Arrow lakes storage contained the elements of a bad situation.

Mr. MACEachen: The elements of bad resources planning from the point of view of Canada.

Hon. Mr. BONNER: Obviously we do not share that view or we would not have entered into that agreement.

Mr. MACEachen: You are prepared to give me a policy on resources development in British Columbia which is compatible with the maintenance of power in Canada for industrial development, and making it available to relieve power shortage which affects immediately competing Canadian industry?

Hon. Mr. BONNER: I think I have suggested the views which I understand are held by the government of British Columbia. We are most intensely interested in the settlement of industry in our province and in the general conditions which prevail or have prevailed during the last three years. To my personal knowledge the settlement of industry seems to be going forward at a satisfactory rate.

Mr. MACEachen: Might I ask you this question: would it be your policy as a government in a situation where there is a temporary surplus of power in the province, that it be made available because the water is running downhill to another country?

Hon. Mr. BONNER: My views on the export of power were stated earlier and I would not vary them.

Mr. MACEachen: Would you be good enough to answer whether it is the view of your government, because of the temporary surplus of power in an area, that it is wise policy to make it available to another country?

Hon. Mr. BONNER: We have not concurred in the export of any so-called surplus power. We have surplus power at the Waneta project near Trail. We think that such power should remain in British Columbia to be available to local industry and to the people of that area. That is a concrete example and is evidence of our attitude on the subject.

I believe that attitude is shared by the national government because I understand that the Consolidated Mining and Smelting Corporation made application to the government for the export of power and that they were refused the application. Is that not correct? I see that no one is here to confirm it.

Mr. MACEachen: By relieving a shortage of power in the United States you are preventing the real movement of industry to British Columbia, thereby very rapidly using up your temporary surplus and very rapidly creating a new demand for power.

Hon. Mr. BONNER: If you hold that view, and apply it in the abstract sense—

Mr. MACEachen: This is a very real economic argument.

Hon. Mr. BONNER: If you will give me a moment we will come to a very realistic one; the export of gas and oil would be perhaps of great benefit to the government of Canada.

The CHAIRMAN: We are not dealing with gas and oil now.

Mr. Low: Has it not been established, or has it been established? You can answer this very easily, I am sure: that it would not be possible to generate on-site power at Castlegar?

Hon. Mr. BONNER: Oh yes, that is a basic premise.

Mr. Low: Then how can anyone assume therefore that the preliminary agreement with Kaiser involves the export of any power?

Hon. Mr. BONNER: It involves a "national" circumstance, apparently.

Mr. MACEachen: It involves the provision eventually of power to the United States.

Mr. Low: Would it be possible, given unlimited time, for industry to be established at or near the site of the Kaiser dam at Castlegar, to use the power which could be generated in that section of British Columbia?

Hon. Mr. BONNER: Yes. As a matter of fact, there is, as I have indicated in my brief, a present market for the power which might be generated by such an arrangement, but it would not, in my understanding, be taken into use at that particular point.

Mr. Low: Not at that point. That is what I was trying to get at. So what you are dealing with in this preliminary agreement is water which is now running downstream, but which could be impounded in the Arrow lakes to be used more uniformly over the years, and would therefore be of much more use to downstream generating plants than at the present time.

Hon. Mr. BONNER: It is expected that we can utilize all the water in that way that we can, and in fact, capitalize on the value of that resource.

The CHAIRMAN: Now, Mr. Barnett.

Mr. BARNETT: Mr. Chairman, I have just one question somewhat related to the line of questioning which has just been pursued. I wonder if Mr. Bonner would turn to page 71 of this year's committee proceedings where one of the appendices which was submitted by General McNaughton appears. In my mind, there is apparently some difference in the interpretation placed upon the matter of power in various of the references which you have made, and that which I understood to be in the mind of General McNaughton in relation to this table, and I thought perhaps it might be useful while you and your officers are still here, if we could get some clarification on the matter of the 3 million acre feet which under the arrangement it is proposed to "commit"—I believe that is the word—by the dam at Castlegar. Now, in looking at this table I gather that as it is laid out, 3 million acre feet is assumed in the calculation of the volume of water and is to be an additional payment under the agreement which was proposed; whereas I have understood you on several occasions when you have spoken of it to state that it was included in and part of the figure of 18,500,000 acre feet, which is listed under requirements in storage. This is a question of fact. Could you clarify the difference between your understanding of this, and what I understood was in General McNaughton's mind?

Hon. Mr. BONNER: From the province's point of view it would be basic in any firm arrangement that would be entered into that the 3 million acre feet contemplated for storage would not be in addition to the 18,500,000 but would arrange to be included in it. In other words, it involves no greater total dedication than the dedication which presently exists. That is the basic premise under which this situation would be acceptable to the government of British Columbia.

Mr. BARNETT: I have been puzzled by the fact—and you have made that statement in effect several times—that if that is the case where does the additional downstream benefits from the building of the low level dam at Castlegar derive?

Hon. Mr. BONNER: The water now spills over Grand Coulee, and cannot be retained. It requires that supplemental storage to ensure it is not wasted in that fashion and that is the basic consideration which I am advised may be effected by the Arrow lake storage, and from our point of view that must be basic to the realization of this proposal.

Mr. BARNETT: In other words, 3 million acre feet is now running down the Columbia, and is going over the spillways of Grand Coulee during the flood period?

Hon. Mr. BONNER: In most years. I cannot add usefully to that.

Mr. BARNETT: I think I understand now what was in your mind. Thank you very much.

The CHAIRMAN: Mr. Byrne.

Mr. BYRNE: Following along the line of questioning that has been introduced by Mr. MacEachen, I wish to ask a question of Mr. Paget. Regarding the power shortage in the Pacific north-west Mr. Paget said there was no power shortage at this time.

Hon. Mr. BONNER: I think he said that it was not too acute.

Mr. BYRNE: Yes, that it was not too acute. Does that mean in so far as the present development of industries are concerned or would that take into consideration the possible future development, that is of industries that should likely develop were that power available?

Hon. Mr. BONNER: That is a conclusion based on the facts as they presently are.

Mr. BYRNE: There is no power shortage at this time?

Hon. Mr. BONNER: I say that the shortage is not too acute.

Mr. BYRNE: Would Mr. Paget agree that Mr. Dittmer who is, I believe, the power manager of the Kaiser Aluminum Company, would have a fairly general knowledge of the power situation in the Pacific north-west.

Mr. PAGET: I do not know.

Mr. BYRNE: You might presume he would; otherwise he would not be coming into British Columbia looking for power resources. Well now, in this memorandum of confidential information that had been forwarded to a number of people and which subsequently was tabled here yesterday, outlining the meetings between Kaiser officials and officials of the departments here in Ottawa—there were two departments I believe—Mr. Dittmer had this to say: "Mr. Dittmer went on to say that even if every project in the Columbia basin were developed as quickly as possible the demand for power could never be met." Is that a reasonable statement to be made?

Mr. PAGET: I really could not answer that; I do not know whether or not it is reasonable.

Mr. BYRNE: That is all right. Now, Mr. Sommers has said just a few moments ago that the Consolidated Mining and Smelting Company had a surplus of power—

Hon. Mr. BONNER: That was my statement.

Mr. BYRNE: Pardon me, Mr. Bonner. I suppose it is the similarity of your first name which confused me.

Hon. Mr. BONNER: You can call me by my first name if you want to!

Mr. BYRNE: It was stated that there is a surplus of power at Waneta which they wished to export to the United States. Does your government

know of any way in which that power might be absorbed through a transmission line to the coast? Do you think it would be economical for one of the other electrical companies to transmit that power to the coast?

Hon. Mr. BONNER: That question involves certain of these factors: the cost of the installation and the transmission line and the rate of loss over that great distance and frankly I do not think anyone with me would be in a position to answer that.

Mr. BYRNE: What is the approximate distance?

Hon. Mr. BONNER: You know the distance as well as I do. The distance as the crow flies—and it has a bad time in British Columbia because of our mountains—is about 350 miles. The transmission loss over that straight line distance would vary with the voltage and the size of the cable and technical things of that sort, but I am instructed that there would be between 6 per cent and 8 per cent loss over that distance. Now, that is a situation which would give one pause unless there was a very large amount of electricity available.

Mr. BYRNE: Of course, this question was based upon a statement made by General McNaughton. I do not have it before me, but he indicated in his statements here that he thought such a project would be economical and that in many respects it would be the proper development and use of this power.

Hon. Mr. BONNER: What project are you now referring to?

Mr. BYRNE: To transmitting power from Waneta to the Fraser Valley where he stated the power requirements are doubling every seven years.

Hon. Mr. BONNER: Well now, I have no basis upon which I could agree.

Mr. BYRNE: That concludes my questions.

Mr. HERRIDGE: Mr. Chairman, I have only one question. I did intend to ask a few questions on the constitutional aspects, but they have already been asked and answered and there is no necessity to waste the time of the committee. Before asking my question, I want to say that my colleagues and I were very interested in the minister's statement this morning—

The CHAIRMAN: Excuse me, but are you still on economics or are you going back, because I want to keep the discussion in order?

Mr. HERRIDGE: No, I am addressing myself to the subject at hand. My colleagues and I were very interested in the statement and I can assure the minister that his statement will receive the serious consideration of my colleagues.

Now, my question is related to the investigation of natural resources. The federal government has spent approximately \$3 million in the last 10 years investigating resources in the Columbia river basin according to the terms of the reference, and I think all of us agree there has been a tremendous amount of very valuable information prepared so far. I believe it was the Minister of Northern Affairs and National Resources who recently indicated he would bring an estimate before the House of some \$200,000 to investigate the possibility of a diversion from the Columbia into the Fraser. I would just like to ask this question of Mr. Bonner, because there have been some rather scathing comments which I think were unfair. It was called a fantastic suggestion, and—

Hon. Mr. BONNER: For the record, you will make it clear that those are not my remarks?

Mr. HERRIDGE: No, I was not suggesting they were. I think they were made by the Minister of Lands and Forests, to be exact, according to the press. However, regardless of our attitude towards the situation, I think it is recognized that it is well worth the expenditure of money to investigate every possibility for the possible diversion of the power resources of the Columbia before the commission makes its final decisions.

Hon. Mr. BONNER: If this is the investigation in respect to the diversion of the Columbia, I believe the honourable minister indicated it might take as long as between now and 1959 before the first ideas would be obtained.

Mr. HERRIDGE: No, I think General McNaughton indicated it would perhaps take from 8 to 10 months.

The CHAIRMAN: 1959—that would mean four years.

Mr. HERRIDGE: It was a short period; I just forget.

Hon. Mr. BONNER: I am not making any point in that connection except to say that it would be regrettable if we could not adjust ourselves to the development of Mica and the development of Arrow lake storage in the immediate future, because my understanding is that the facts relating to these projects are so immediately ascertainable as to place them in the realm of things which we might proceed upon without undue delay. In the light of these facts I do not share the view that we should do nothing on the Columbia until we have explored every last nook and cranny of it.

Mr. HERRIDGE: I was not suggesting that, Mr. Bonner, but if I remember correctly, General McNaughton informed the committee it would be from 8 to 10 months before they would have some definite information as to the feasibility of diverting the Columbia into the Fraser.

Hon. Mr. BONNER: I do not think you have assumed properly General McNaughton's remarks. For example, on the tunnel diversion alone, my advice is that before you can create a 50-foot tunnel diversion through the mountains, as is contemplated for the diversion, you have to be very careful about the faulting which is all too prevalent in our province.

Mr. HERRIDGE: I am not supporting the proposal; I am just asking a question.

Hon. Mr. BONNER: But I am getting at the question about how much delay we should entertain in respect of projects which are immediately considerable. You would have to do a considerable amount of test tunnelling which would require a period of years for the proper examination of that phase of the diversion alone.

Mr. HERRIDGE: If I remember correctly, General McNaughton said it would only take a few months and the official investigations would not be completed for a few years.

Hon. Mr. BONNER: I think the estimate you attribute to General McNaughton is too short.

Mr. HERRIDGE: I think he said from 8 to 10 months; I am not sure.

Mr. HENDERSON: I just wish to ask a few questions. Is it the intention of the British Columbia government to proceed with the Kaiser deal as outlined in the agreement from here on?

Hon. Mr. BONNER: As far as I am aware.

Mr. HENDERSON: And at the same time you realize that you will not be able to get any power back on this deal; subsection 2, section 9 of the agreement makes allowance for a money payment back in the alternative—

Hon. Mr. BONNER: I cannot imagine in the light of all the discussion we have had that such an inference could be properly drawn from my remarks. The arrangement clearly contemplates the return of power to British Columbia, and that is the only thing which will permit the agreement to proceed in our eyes.

Mr. HENDERSON: Well then, I presume that from page 12 of the brief where you state: "My own opinion is that this committee will recommend"—this is referring to the American committee—"against the exporting of power

to British Columbia in the manner contemplated by the interim agreement of September 17, last." I presume from that statement, that if you proceed with this agreement, at the same time, you will receive no power in return?

Hon. Mr. BONNER: That is a totally unwarranted inference to be drawn from those remarks. The final decision rests with the American Federal Power Commission and what their disposition of the matter is is an entirely different question.

Mr. HENDERSON: I was just taking your opinion.

Hon. Mr. BONNER: You are not taking my opinion in the manner in which I intended it.

Mr. MACEachen: I have just a few more questions on the technical aspect and they fit in with the line of reasoning I used this afternoon. They have to do with the studies which are now being made of the Columbia river system. My question is: would it be your view that the current studies of the development of the Columbia are desirable and will be useful?

Hon. Mr. BONNER: I have no basis for agreeing with you that the study would be desirable and useful. I think it will be of academic interest, certainly.

Mr. MACEachen: Would it be the opinion of your technical advisors that these studies are simply of an academic nature?

Hon. Mr. BONNER: Until we have these studies in hand I do not think it proper to ask me or my advisors to draw any inference as to their worth.

Mr. MACEachen: You are uncertain whether it is useful or desirable to have them—is that it?

Hon. Mr. BONNER: Until I have the report in I will not comment upon it.

Mr. MACEachen: Well, if this diversion should become desirable or feasible does your technical advice make you certain that the Arrow lake project would not reduce the value and total benefits of the diversion?

Hon. Mr. BONNER: I find it difficult to establish this point with all members of the committee. The three million acre feet involved in the Arrow lake storage has been commented upon in relation to the question of Mr. Barnett and in the light of that, of course, my conclusion must be that the proposed diversion would not be affected by the proposed storage of water at Arrow lake.

Mr. MACEachen: The next question is, would you say that the development at Arrow lake is compatible with the optimum development at Murphy Creek?

Hon. Mr. BONNER: Entirely.

Mr. MACEachen: And the final question is this: would you further say that the development at Arrow lake is compatible with the full development of the Columbia river system?

Hon. Mr. BONNER: Compatible, yes,

The CHAIRMAN: Mr. Fulton has been anxious to speak for some time.

Mr. FULTON: I would like to ask a couple of questions here because unfortunately the House is considering some matters which may require my presence. I would like to ask Mr. Bonner this in order to avoid any misunderstanding, while I realize that policy statements are difficult for him. Perhaps it is not fair to expect him to make a policy statement at this time without reflection. But I am interested in the answer you gave, Mr. Bonner, to a question a moment ago by Mr. Henderson. As I recall it, he asked whether it was your intention to proceed with the Arrow lake agreement or the Kaiser agreement and you said "yes". I ask you whether your answer to that question must be taken in the light of the statement which you gave us at the opening

of the meeting this morning—that is, you say you contemplate the possibility of further discussion. I am not suggesting for a moment it involves the possibility of abandoning the project. My question is this: your answer that the intention of the British Columbia government at this time is to proceed with this project should be read in the light of the apparent readiness of your government to enter into further discussion with the Federal Government?

Hon. Mr. BONNER: I think it would be fair to read it in the light of that statement.

Mr. FULTON: On the question of this storage in Arrow lake itself, I think the answer has been given, but it might be useful to have it in the context of the question which has just been asked this afternoon. It calls for a storage of 3.3 million acre feet per year?

Hon. Mr. BONNER: We have been using the figure three millions for convenience.

Mr. FULTON: I have been informed that there is an inflow into the Arrow lake in a normal year from a point somewhere south of the Revelstoke of something in the nature of six and half million feet a year. Am I correct in that?

Hon. Mr. BONNER: That appears to be correct. It is a little more.

Mr. FULTON: Would I be correct in saying that even if the Columbia were to be completely cut off at the Revelstoke there would still be more than enough water flowing into the Arrow lakes from streams other than the Columbia to more than adequately cover the proposed storage created by this time—roughly twice as much water as would be required.

Hon. Mr. BONNER: I am advised that that is substantially correct.

Mr. HENDERSON: Further to what Mr. Fulton has had to say—if the power commission which has responsibility for such matters in the United States decided that they would not permit the export of power back to Canada as anticipated under the agreement would the government of British Columbia still proceed with the Kaiser deal?

Hon. Mr. BONNER: No.

Mr. GREEN: One question arising out of Mr. MacEachen's examination. It has to do with the effect of the Kaiser dam on any possible project at Murphy Creek just below the site of the Kaiser dam. On page 97 of our proceeding I questioned General McNaughton about this particular situation:

Q. Perhaps this would be as good a time as any to ask you to tell the committee what the objections of the Canadian Members of the International Joint Commission are to the Kaiser Dam project?—A. Mr. Green, our responsibility under the terms of the reference which we carry from the two governments.

Q. That is, from the Canadian and United States governments?—A. Yes—is to make a report and recommendations which will serve the public interest of the two countries; that is our responsibility. To see a great potentiality like the storage on the Arrow lakes reduced to a small fraction—I should not say a small fraction—a fraction—of what is potentially there and available for the benefit of power production in the basin—not all for us—would be a recommendation we could not properly make unless and until it was shown conclusively that the site regarded by our engineers as being of more promise downstream was not practicable and it is highly unlikely that would be the case.

Q. What site do you mean?—A. Murphy Creek.

Q. Before you go on, if the Kaiser Dam went in then the Murphy Creek development would be impossible. Is that right?—A. One inhibits the other.

Now General McNaughton did say in the course of his evidence that the examination of the Murphy creek site had not been completed and that he was not in a position yet to give a final report on it. But his evidence appears directly in conflict with the view of the provincial government. You have just said that the Kaiser dam will not interfere in any way with the project at Murphy creek and I think that project at Murphy creek was estimated to product—what is the figure precisely?

Hon. Mr. BONNER: May I ask Mr. Paget to reply to that because it is a question of whether we are discussing a high level or a low level dam at Murphy creek.

Mr. PAGET: Mr. Chairman, apparently the remarks of General McNaughton in the second paragraph on page 97 were directed towards the construction of a very high storage on Arrow lake. He says "a small fraction" so he must have considered at that time something in the order of six to ten million acre feet of storage at Arrow lakes which of course in the determination of the provincial government was considered impractical on account of the disturbance to the entire economy of the lakes, including the economy up to and above Revelstoke so that while this planning might on a hydro basis seem the best and most desirable, from the point of view of resources development it is not acceptable. Therefore we came to the proposal of a moderate storage on Arrow lakes with a view to keeping the economy of Arrow lakes still in place. When this is further analyzed we find that the Murphy site can be developed with a low head, which in a critical year will justify an installation as high as 196,400 kilowatts...

Mr. GREEN: What is that in horsepower?

Hon. Mr. BONNER: The conversion is ten sevenths.

Mr. PAGET: It is roughly 300,000 but not quite. We shall keep to kilowatts. The whole discussion has been on kilowatts in this case.

If it was possible to build a high Murphy dam we would get a production in a critical year of 202,900 kilowatts, which indicates a deficiency of only 6,500 kilowatts in the low dam on the average for the critical year. But that is not as much as it sounds because during the lowest period of drawdown, the production of power would be almost exactly equal from a low Murphy with Arrow lake storage or a high Murphy. The production of power would be very close at such a time. If we take into account the value which the province receives for the storage created at Castlegar as against this minor deficiency of 6,500 kilowatts the position of the province is much more advantageous. We have a free return of 20 per cent of power created downstream in the United States by Arrow lake storage to British Columbia and our position is enhanced.

Mr. GREEN: In effect the provincial government does believe in putting in Murphy creek?

Mr. PAGET: Yes. In yesterday's discussion I mentioned that we considered Murphy creek dam site was practical but likely to be the last "chance" on the Columbia river development in British Columbia.

Mr. GREEN: There is a direct conflict between the provincial government's viewpoint and General McNaughton with regard to the effect of the Kaiser dam project at Murphy creek?

Mr. PAGET: To keep the record straight, because I may have misunderstood you, what I was suggesting was 3 million acre feet of storage on Arrow with a low head Murphy dam with generation at the Murphy dam site. The Kaiser dam with the storage back of that dam, if constructed by Kaiser, plus storage at Mica creek, will have to be brought into being before Murphy creek is practicable.

Mr. GREEN: You do not agree with General McNaughton's statement that if the Kaiser dam is put in it will inhibit the project at Murphy creek?

Mr. PAGET: No. Not appreciably. It is a very small amount. To a small percentage it reduces value at the Murphy site but returns more to the province by advantages elsewhere.

Mr. GREEN: Arising out of a question by Mr Byrne, is it the opinion of your engineers that power produced at Mica creek as distinct from power at the Waneta plant could be transmitted economically to the lower mainland of British Columbia?

Mr. PAGET: That seems to be a little hard to presently define. Investigations are not that far enough advanced. That transmission distance at this time seems to be beyond the economic range. Elsewhere in the testimony we have seen where the federal government has suggested Mica creek was immediately ready and should go ahead and some other testimony and discussion has been pointed towards the small block of downstream power, 250,000 kilowatts, now being discussed as envisioned from Arrow lake storage. In point of fact Mica creek storage when it goes into being, has a downstream value of something like $1\frac{1}{2}$ million kilowatts to the United States. If the upstream generation at Mica is placed in effect, as was suggested in part of the transcript, it was also suggested that such be leased to American interests for some years which could add another million or more kilowatts to the American economy.

Mr. GREEN: Your experts are of the opinion that that power from Mica creek cannot be transmitted economically to the lower mainland of British Columbia?

Mr. PAGET: Not at this time. I would have to be further advised in that.

Hon. Mr. BONNER: May I interpose that the suggestion of arranging the leasing of power produced at Mica to the United States is not the suggestion of the provincial government.

Mr. HERRIDGE: I just wish to correct the record. I see on page 108 of the minutes General McNaughton, in reply to Mr. Low, about the time of the study of the Columbia diversion into the Fraser says:

The minister has given me an assurance of the funds with which to carry on the necessary investigations of these diversions. Our engineers have told us that they can give us real answers to this in 12 months. By then we will know.

Hon. Mr. BONNER: I believe Mr. Lesage made an observation the studies would continue until 1959.

Hon. Mr. LESAGE: I was not talking about the diversion. I was talking about the report of the Canadian section of the International Joint Commission, the full report on the Columbia reference.

Mr. LOW: That is right.

The CHAIRMAN: On the whole project.

Hon. Mr. LESAGE: The whole Columbia reference.

Mr. BARNETT: May I come in at this time with one point. on this question of the high-level and the low-level dam at Mica creek and so on; as I recall it, all the evidence given to us by General McNaughton—

Hon. Mr. LESAGE: You mean Murphy creek, not Mica creek.

Mr. BARNETT: I am sorry; I should have said Murphy creek; all the evidence given to us by General McNaughton on this subject was based on the supposition of projecting the top of the dam at Murphy creek which would be at the same height as the dam being proposed at the Castlegar site which, at various times, has been referred to as the 1948 flood level or something of that sort.

Just so that we might have a clear picture, I would like to ask Mr. Bonner or Mr. Paget whether the level shown on the map produced yesterday or the day before, in respect to flooding and so on as a result of a dam at Murphy creek was based upon flooding which would take place, assuming the dam at Murphy creek was at the same level which General McNaughton was using in his discussion, so that we can be sure that we have a proper comparison between the evidence given.

MR. PAGET: The flooding contours shown were derived from General McNaughton's observation that four million acre feet should be stored in the Arrow lakes. To do this the elevation derived for the dam at Murphy creek, was an elevation of approximately 1417. It might be a few inches out one way or the other.

MR. BARNETT: The impression I arrived at in listening to General McNaughton was that the additional one million acre feet to which he referred would be the amount of storage impounded by a dam at Mica creek.

The CHAIRMAN: You mean at Murphy creek?

MR. BARNETT: I am sorry, I should have said Murphy creek; and that it was lower down the system and lengthened the storage basin.

MR. PAGET: We have made a calculation, and we find that by keeping the reservoir elevation at the same height between Castlegar and Murphy, we would have less than one hundred thousand net acre feet possibly of stowage between the two sites. So that there was either some bad mathematics in his computation, or his intention was to have a Murphy dam at approximately 1417. Since he was speaking of 4 million acre feet I could only assume that he intended to have that dam at that elevation.

MR. PEARKES: I refer to page 118 of the evidence given by General McNaughton and in answer to a question of mine, he had this to say. Let me quote:

Q. The river has fallen 35 feet?—A. Yes. What would happen is that the net effect of the dam at section 8, the so-called Kaiser dam site would be to raise this level to 1,402 which is a raise of level of some 30 feet. There is not enough there in that 30 feet, having regard to the fact that the channel here is mud and there is a backwater—to make it worthwhile putting in power at that site at all. But, if in place of building that dam you go down to Birchbank at Murphy Creek and build a dam you get 30 feet more drop...

He seems to be basing his figure on a 1402 elevation, whereas I think Mr. Paget based his figure on 1417. I do not know whether that makes any difference at all in the cost of the power which could be produced at this Birchbank-Murphy creek site, or in the area which could be flooded. There does seem to be a difference there of some 15 feet which I suggest might be of some importance.

MR. PAGET: General Pearkes, in reply to that I can only say I followed the transcript as carefully as possible and I find in many places there was either a confusion or errors in elevations that could not be reconciled by planning or by the facts as we know them, so I have to decline to make any real observation on those points which we cannot reconcile by figures.

MR. PEARKES: I do not know whether you will be able to give me an answer to this question. If a dam was built at Murphy Creek in order to raise the water to the height of 1,402 feet as suggested here, would that water overflow the top of the dam which is proposed at the foot of the Arrow lakes—the Kaiser dam?

Mr. PAGET: The effect of building a dam at Murphy Creek to an elevation of 1,402 feet would create a net storage in the Arrow lakes of about $2\frac{1}{2}$ million acre feet, and back the water against the Brilliant dam. It would not have as detrimental an effect on the railways and transportation, but it would be quite a high elevation most of the year.

Mr. PEARKES: It would back up the water so it overflowed the top of the so-called Kaiser dam?

Mr. PAGET: We cannot say that with any exactness. No, the exact elevation has not yet been established for the Kaiser dam. I think we have explained that studies are now being carried on to find out what the elevation should be and it has not been set yet.

The CHAIRMAN: If there are no further questions, gentlemen, then we can assume that the evidence of our guests has ended. I think I might add in conclusion that whether they concur or disagree with Mr. Bonner's views as expressed during the last three days, I am convinced that all members of the committee will agree that his presentation was most interesting, and that he has proven to be a very competent as well as entertaining witness. I think those remarks will meet with the approval of all members of this committee, and I think all members will join me in expressing our thanks to Mr. Bonner for having appeared before the committee together with his advisers.

The committee stands adjourned, with your permission, to the call of the chair.

HOUSE OF COMMONS

Second Session—Twenty-second Parliament
1955

Government
Publications

STANDING COMMITTEE

ON

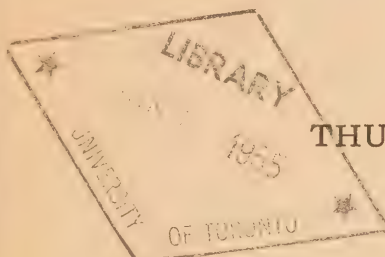
EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 11

THURSDAY, MAY 12, 1955



Bill No. 3, An Act respecting the Construction, Operation and Maintenance
of International River Improvements.

WITNESS:

General A. G. L. McNaughton, Chairman, Canadian Section, International
Joint Commission.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE
ON
EXTERNAL AFFAIRS

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and Messieurs

Balcer	Fulton	MacEachen
Barnett	Garland	MacKenzie
Bell	Gauthier (<i>Lac St. Jean</i>)	Macnaughton
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Breton	Henderson	Montgomery
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Cannon	Herridge	Pearkes
Cardin	Jones	Richard (<i>Ottawa East</i>)
Crestohl	Jutras	Stick
Croll	Low	Stuart (<i>Charlotte</i>)
Decore	Lusby	Studer—35.
Diefenbaker		

Antonio Plouffe,
Clerk of the Committee

MINUTES OF PROCEEDINGS

THURSDAY, May 12, 1955.
(18)

The Standing Committee on External Affairs met this day at 3.30 o'clock. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Balcer, Barnett, Breton, Byrne, Cannon, Cardin, Croll, Fulton, Gauthier (*Lac-Saint-Jean*), Green, Henry, Herridge, Jones, Jutras, Low, MacEachen, MacKenzie, McMillan, Montgomery, Patterson, Pearkes, Stick, and Studer.—(24).

In attendance: From the Department of Northern Affairs and National Resources: Honourable Jean Lesage, Minister; and Messrs. T. M. Patterson and C. K. Hurst.

From the International Joint Commission, Canadian Section: Miss E. M. Sutherland, Messrs. J. L. MacCallum, D. G. Chance, E. R. Peterson.

From the Department of Trade and Commerce: Mr. John Davis.

The Committee resumed its general consideration of Bill No. 3, An Act respecting the Construction, Operation and Maintenance of International River Improvements.

General McNaughton was recalled. He commented on the evidence given by the representatives of the Province of British Columbia, particularly in respect of the Arrow Lakes Development. The witness read a memorandum dealing with Murphy Creek Dam site and he was further examined.

At 4.25 p.m., the division bells having rung, the Committee suspended its deliberations.

At 4.45 p.m., the Committee resumed.

In answer to a question, General McNaughton referred to and commented upon a report just issued by the Puget Sound Utilities Council on Mica at Site Dam, specifically to a chart contained therein. The report was tabled and filed with the Clerk for the information of the Committee and it being the only available copy, the witness's request that it be returned was granted.

At 6.00 o'clock, General MacNaughton's examination still continuing, the Committee adjourned until 8.00 o'clock p.m.

EVENING SITTING (19)

The Committee resumed at 8.00 o'clock, Mr. L. Philippe Picard, Chairman, presiding.

Members present: Messrs. Barnett, Boisvert, Breton, Byrne, Cardin, Croll, Fulton, Green, Henry, Herridge, Jones, Jutras, Low, MacEachen, McMillan, Montgomery, Patterson, Pearkes, Richard (*Ottawa East*), Stick, and Stuart (*Charlotte*).—(22).

In attendance: From the Department of Northern Affairs and National Resources: Messrs. T. M. Patterson and C. K. Hurst.

From the International Joint Commission, Canadian Section: Miss E. M. Sutherland, and Messrs. D. G. Chance, E. R. Peterson and J. L. MacCallum.

General McNaughton's examination was continued.

Replying to question, the witness referred to a map showing the Murphy Creek and Castlegar Dam Sites and commented fully thereon.

The witness was also examined on engineering data already placed before the Committee and on power sites.

General MacNaughton was retired and the Chairman expressed the Committee's appreciation to him and his officials.

At 10.10 o'clock p.m., having concluded its examination of General MacNaughton, the Committee adjourned to the Call of the Chair.

Antonio Plouffe,
Clerk of the Committee.

EVIDENCE

THURSDAY, May 12, 1955.

The CHAIRMAN: Order gentlemen. We have again with us today General McNaughton. We will start by a statement from the General after which questions will be in order.

General McNaughton.

General A. G. L. McNaughton, Chairman, Canadian Section International Joint Commission, called:

The WITNESS: Mr. Chairman and members of the committee. Unfortunately, by reason of other meetings which had long been prearranged by the two commissions with which I have the great honour to be associated, the International Joint Commission and the Canada-United States Permanent Board on Defence, it was not possible for me to be present at the meetings that you have held since my appearances before you as a witness.

I want to assure you, Mr. Chairman, that as soon as I returned to Ottawa the secretary of the committee provided me with the typed copy of the minutes and I have read them through most carefully and have endeavoured to familiarize myself with all the contents so that at a later appearance I might have that knowledge behind me to save the time of the committee.

There are, if I may be permitted to say so, one or two points on which I believe I would like to make a brief statement which might, I hope, clarify the position which seems to be somewhat obscured. If that is permissible, perhaps I could take a few minutes and I would be very grateful for the occasion.

The CHAIRMAN: It is quite in order.

The WITNESS: There is one point which engaged very considerable amount of attention and that was the question of the possibility of a dam at Murphy creek. As regards this proposal, and most particular in reference to the inquiries which General Pearkes made for information on Thursday, April 28, and also I note that in the session of the committee which was held on April 29, Mr. Paget in reply to the question by Mr. Green, suggested that the proposals which I had indicated "were directed towards the construction of a very high storage dam on Arrow lakes", I would like to say, Mr. Chairman, on the contrary I have been very careful not to prescribe the levels or storage capacity which should be adopted pending the completion of the investigations and studies presently in hand. The approximate figures I have quoted to establish a general conception of possibilities are based on a water level at the outlet of the lower Arrow Lake of 1402 feet above sea level, the same as we had understood had been suggested in the Kaiser proposal near section 8 above Castlegar. That is the figure I gave to General Pearkes in answer to his specific questions. Now this level is the same as we had understood had been suggested in the Kaiser proposal for a weir or a dam near section 8 which is above Castlegar. I note that later on in the discussion the B.C. representatives advised that the level of the dam in this proposal had also not as yet been fixed.

The proposals for Murphy creek when we have them in detail from the engineer will include an appreciation of the benefits and disadvantages associated with each of several elevations so that a choice may be made to give the best

benefit-cost ratio obtainable. These proposals will include protective works to minimize flooding of urban and other property, including railway rights of way, roads and manufacturing establishments and the like. As I previously advised the committee it is not possible to give a reasoned conclusion as to the levels which should be adopted until the engineering investigations and economic studies which follow them have been completed.

Meanwhile, I think it is important that we should realize that the direct value of Arrow lake storage to Canada is proportionately to the use of flows of the Columbia including the Kootenay through, say, about 60 feet, which is the head realizable at Murphy creek with the water surface elevation of 1402 feet on the lower Arrow lake we have been discussing.

Upstream at Mica the Canadian head which may be used on the Columbia to near Revelstoke and thence down the Fraser in regulated flow is from a crest elevation above the sea of 2,440 feet, of which some 2,000 feet we forecast may possibly be developed economically.

Thus, as an asset for Canada for power proposed, stored water in Mica has a relative value to stored water in the Arrow lakes of probably $\frac{2,000}{60}$, or more than 30 to 1.

That is, that the potential which might be taken out of an acre foot of storage water at Mica is more than 30 times as much as could possibly be taken out in Canada from an acre of stored water at Murphy Creek.

Since the total water available in the Columbia basin is strictly limited and already in short supply in low water years, this I think illustrates the importance of being exceedingly careful not to make any commitments to use water to fill storage in the Arrow lakes which in a low water year could only be provided to the United States by a release from storage at Mica.

Taking these facts and the water appropriations which are possibly already established into account, I have suggested to the committee that it is possible that the development on the Arrow lakes should not be planned for annual storage as is envisaged in the arrangement sought by Kaisers, but on the contrary that the development should be for head and flow, that is, for at-site power, in all years except when the Columbia is very low, in which case at-site generation would give way to a release of stored water to satisfy in part any prior appropriations downstream and so protect our right to fill Mica which is a many-times more valuable Canadian interest.

In such circumstances, that is, for the period of occasional very low flow, I envisage that the load normally supplied by the at-site power from Murphy creek and which will be interrupted by the release of water from the Arrow lakes will be supplied from a main British Columbia grid which I think might run from Vancouver through Hope to Revelstoke, tying in Mica, Priest and Dalles and possibly extending eastward so that British Columbia might benefit from the profitable markets some 220 miles distant in Calgary and the Edmonton vicinities.

When you have an over-all factor of advantages to British Columbia for the use of water for generation from Mica as against Arrow lakes of a score or so to one, which would be the case even in a median stage of development, then the question of losses over a transmission line from Hope to Trail, which is some 200 miles as a crow flies, are not of real significance.

I would now like to read to the committee a short memorandum on Murphy creek which has been given to me by the commission's engineering advisers:

Statement Re Murphy Creek

"At the outset it must be emphasized that studies on the Murphy Creek Dam proposal are incomplete and that a dam at this point is not a fact but a possibility that we would be most remiss to overlook. As said in answer to

a question from Mr. Low last month the "Facts will not be in" for approximately six to eight months. Under these circumstances the development of the subject must be very general. However data from the subsurface investigations at the site are now being processed and some preliminary results will soon be available.

The scheme as visualized would consist of a dam raising the water level some 60 feet in the vicinity of Murphy creek and would raise the level of the outlet of Arrow lakes by about 30 feet above the minimum to between 1400 and 1404 feet above mean sea level, which is below the 1948 flood level of 1406; this would provide approximately $4,000,000 \pm$ acre feet of storage. This storage would be secured through the normal amount available under present conditions at the outlet of the lower Arrow lakes with a lake elevation of 1404, together with the additional storage (a) in the river between the outlet of Arrow lakes and the Murphy creek dam site and (b) the storage provided by the additional drawdown resulting from the extensive channel excavation which is contemplated.

This possible project should not cause undue damage if proper remedial works are undertaken. Land in the vicinity of Castlegar from low water up to elevation 1390, about 400 acres, is a yearly flood hazard under present conditions. If the water level is raised to elevation 1400, an additional 270 acres would be flooded. Of this it is considered that at least 140 acres can be effectively protected by dykes. A very small part of Castlegar lies below 1400. Robson is unaffected as would be the railway. About a half mile of highway would have to be raised.

To facilitate the passing of regulated flows, some dredging would be required in the Tincup Rapids and it is thought that the resultant spoil could be used to raise the present mill site and to increase area available for industrial sites.

With respect to the power potential at this site, the maximum head available would be about 60 feet, part of which would be absorbed by backwater in times of high discharge. The mean flow at the site for the period of record is approximately 69,000 c.f.s. On the basis of a regulated flow of say 50,000 c.f.s. an installation of about 250,000 KW would appear to be warranted.

If the Murphy Creek reservoir is filled to an approximate elevation of 1400 there would be some backwater effect at the Brilliant power plant. However as the water use at Brilliant at full gate is 13,500 c.f.s, about one quarter the regulated flow at the Murphy creek site, it follows that the power lost by backwater at the former would be made up approximately four fold at the latter."

Mr. Chairman, I thought in view of the discussion and the comments it would be well if I made that statement which I am happy to do for the information of the members of the committee.

Mr. CROLL: I am wondering if there are copies of the statement for the members of the committee.

The CHAIRMAN: No, there is only one copy but you find it in the report of evidence.

By Mr. Pearkes:

Q. These comments have been made on a reply which was given to questions which I asked. Perhaps I may make an observation here. We seem to be in a very impossible position as far as this committee is concerned. We heard, a couple of weeks ago, the opinions and figures based on certain engineering data given by the engineer of British Columbia. Today we have another set of figures based upon other engineering data. It would have been very desirable had it been possible to have had these two groups of experts

together at the same time because it makes it very difficult for an ordinary lay committee to assess the value of these two widely diverted opinions. But, I must point out that both of these opinions are based upon inconclusive evidence. Neither Mr. Paget of the British Columbia Water Control, nor General McNaughton have said that they have got conclusive evidence yet. General McNaughton has told us today it is going to be another 6 or 8 months before the final data can be made available regarding Murphy creek. You will recall Mr. Paget himself, as repeated by General McNaughton this afternoon, said he was not able to give the definite information regarding the height of the so-called Kaiser dam. Here we are listening to opinions by two engineering experts, two opinions widely different, and both of them admitting that they cannot give a conclusive statement at the present time.

I feel that it is not very much useful for our committee to go on exploring this problem under those conditions. The only point that I would make is this that Mr. Paget's evidence stressed the fact that if there was not a high dam at Murphy then the cost of the power would be increased. I think that is obviously an engineering fact that if a dam is lower that cost is increased. We try to get evidence as to the cost of power being produced from Murphy. I asked General McNaughton the question and he gave as an opinion—I am sure he would not consider it as a final opinion—somewhere about 5 mills; whereas Mr. Paget said it could not be less than 7 or 8 mills, if I recall the figures correctly, based on the higher dam. Now then if it is not contemplated building a dam at Murphy creek which would raise the level of the Arrow lakes to I think in the neighbourhood of 1440, which I think was the figure he gave, making it somewhere approximately 80 to 85 feet of height in the dam, then it would seem obvious that the lower dam would put the cost of the power a good deal higher.

I do not know whether, in the light of that, General McNaughton is able or would care to revise his figures because certainly Mr. Paget based his figures on 7 or 8 mills on the higher dam. The only other question I would like to ask General McNaughton now—and this is based on the evidence given by Mr. Paget—is this: Mr. Paget said on various occasions that there was enough inflow or intake into the Arrow lakes to give all the storage that was required in the Arrow lakes quite irrespective of any water coming in from the Columbia river although there is enough water coming from the glaciers surrounding the Arrow lakes so that even if the whole of the Columbia river inflow was cut off in a normal year there would still be ample storage.

Could General McNaughton give us any idea as to the amount of inflow into the Arrow lakes and tell us whether there is enough storage in the Arrow lakes to provide the necessary force for the power, whether the Columbia river inflow at the head of the Arrow lakes continues or not?

The CHAIRMAN: There are two questions.

Mr. PEARKES: Yes sir, there are two questions.

The WITNESS: Mr. Chairman, the first question General Pearkes has directed to me is to give him some idea of the value of the power or the cost of the power at Murphy Creek, and the second one concerns the flows that might go down the Arrow lake to the Murphy creek dam.

Mr. PEARKES: Yes, the flow into the Arrow lakes irrespective of the inflow of the Columbia itself.

The WITNESS: What is the local flow?

Mr. PEARKES: Yes, the amount of drainage or the local flow coming in from the glaciers around the Arrow lakes. You will have noticed in the evidence

given by Mr. Paget that he claimed it was adequate to provide all the storage which would be required for the flow down to the power plants in the United States.

The WITNESS: I understand now, Mr. Chairman, first with regard to the estimate of the actual cost per kilowatt hour of generated power at Murphy, I would have to say that I do not believe it is possible to arrive at a realistic figure at this time. I do not think this will be possible until we have the report of the engineers who are investigating the site. The cost of that site will be dependent very largely on the cost of the dam, and the cost of the dam in turn will depend on what foundation conditions are found and so it adds up at the moment that the actual cost per kilowatt hour is not known and cannot be estimated to any degree of precision whatever. However, as I pointed out there is another element of value in the stored water at Murphy creek and that is as being available if it is held in cyclical storage to satisfy what we believe very probably the United States has a lawful appropriation for. If that is the case the three or four million acre feet of water which is stored at Murphy Creek could be released in the years of low flow when these appropriations would be effective and would need to be satisfied. The release of this water would safeguard Canada's right to use a like amount of water drawn from the higher reservoirs at Mica creek and at Luxor-Bull river, for example.

In my opening statement this morning I pointed out that the water from Mica creek reservoir, for example, if used down to the Columbia to the vicinity of Revelstoke and then diverted into the Fraser basin would fall through 2,435 feet of which the information available indicates eventually some 2,000 feet will be developed. Now, you can see that an acre foot of water falling through 2,000 feet will have some 30 times as much energy available in it as an acre foot of water falling only some 60 feet at Murphy creek and in consequence quite irrespective of the cost of the power that may be developed incidentally at Murphy creek, there is a tremendous latent value to British Columbia in protecting their use of the flows from the upper reservoirs; a factor I mentioned of something of the order of 30 to one value. Therefore we should look, I think, at the power we will get from a development at Murphy creek more as an incidental advantage and certainly only as part of the advantage to be obtained from construction of works at that place.

With regard to the capacities, we do not have with us at this time the details of the flow into the Arrow lakes below Revelstoke but if my memory serves me right figures were given by Mr. Paget which I looked over when I read the record of something of the order of six or seven million acre feet in an average year and I think those figures for an average year would be substantially correct. I would not quarrel with those figures at all. In other words, the conclusion which Mr. Paget drew from that was that with the six or seven million acre feet available as inflow into the Arrow lakes and below any of the great upper dams there was plenty of water to fill Murphy creek or Kaiser dam respectively and that being so, nothing mattered. I agree with Mr. Paget very fully that there is enough water there to fill either of these dams to overflowing a couple times over but that is not the point at issue, gentlemen. The point at issue is the satisfaction of whatever the American appropriations which may be found to be lawful when we find ourselves sitting across a table with our United States colleagues. The flow which we contemplate holding in cyclical storage in Murphy creek of four million acre feet in approximate figures would be water which has been placed in storage in that dam the year before and it would be held there making up the head of the power plant and getting a certain value out of that head in the way of

generation of power and held there available for the years of very low flows and then released to satisfy these commitments.

Now you cannot draw any conclusion from the statement of Mr. Paget that merely because you have twice as much water coming into the Arrow lakes below the diversion works that it does not matter whether or not you keep the Murphy creek dam filled up. It simply is not the same sort of argument at all. I say that the question of whether or not you have double the flow is irrelevant to the argument I have been putting before you.

The CHAIRMAN: I think at this moment, gentlemen, I must point out that I gave quite a bit of liberty to General Pearkes by permitting him to preface his question with a speech. At the moment, however, we have a witness with us and I think we should limit ourselves to pertinent questions relating to the bill. Are there any further questions at this time?

Mr. BARRETT: I have a question Mr. Chairman which I am not certain I can properly frame but it has to do with the questions I asked Mr. Bonner as recorded at page 452 of the minutes of the committee in relation to what appeared to me at the time to be a difference of interpretation which was being placed upon the amount of water—the number of million acre feet of water—which was committed to the United States as laid out in the table which was placed before us originally by General McNaughton as recorded at page 71 of the minutes of the committee hearings. It appears in appendix 11 which is labeled as table 7. It lists the requirements in the storage period for the operation of turbines at full gate during the period of storage as being placed upon the amount of water—the number of million acre feet of an additional commitment to supply from the dam at Castlegar, three million acre feet.

Mr. BARNETT: Now, on pages 452 and 453 of the evidence Mr. Bonner in his replies to me made some statement to the effect that that three million acre feet, as far as he and the government of British Columbia are concerned, is a figure which has to be considered as being included within the 18,500,000 acre feet. I am wondering if while General McNaughton is here he might give us some further clarification on that point. It seems to me there is some conflict in the views held in relation to that table.

Mr. CROLL: The answer is at the bottom of page 452, general.

Mr. FULTON: We have a new witness!

The WITNESS: Mr. Barnett, the table which I presented to the committee at the first session at which I was privileged to be present appears in appendix 11, table 7, at page 71 of the minutes and proceedings and evidence, number one. What I would like to point out is that the Columbia and all its tributaries have the characteristics of ice melt streams. In other words, when the sun shines, the rivers are full, and when the sun does not shine or when you have cold weather in spring or fall the rivers drop to very small percentages. Also, like all the rivers of that region there is a tremendous difference in the volume of the peak flows, and indeed in the distribution of those peak flows from year to year. When you come to relate those facts of nature to the problems of the development of power, you find that it is economical to develop power only for the minimum flows plus what you can store either for annual flow to distribute the flow evenly throughout the year, or as cyclical storage to take up the shortages in those recurring years of very low flows which do occur. It was with those fundamental facts in mind, Mr. Barnett, that I put table 7 together in the form in which I did, and you will see in the first column the volume of water in acre feet is given in relation to a typical year of mean flow, and then side by side with that, I put the condition that we would have in the way of flows in these various places for the minimum year which is, as given by our records, 1943-1944.

In the ordinary years, there is no difficulty whatever in meeting every commitment upstream and downstream in so far as developments are concerned and even in so far as the currently planned developments are concerned. There is plenty of water to spare and in fact in those years water spills over the dams all the way from below the boundary at Grand Coulee dam right through to the sea, and nobody can attach any value to it. It does not constitute an appropriation that is lawful, because it has not been captured and put to use. Unfortunately, in the years of low flow the situation is markedly different as evinced by the second column in table 7. There we have to face up to the fact that it is probably—I do not say it is certain—that the Americans would feel that they had established—they certainly demand whether or not they establish is—and it will have to be the result of very careful argument of legal character in due course, but they will claim these amounts of water which I have shown in that table as being their vested right, and if they are to establish that lawfully under the treaty, we would be bound to give way to it and recognize their rights. I want to make it clear again that under the instructions and directions that we have had in the Canadian section of the commission we are not trying to put anything over. We are endeavouring to be completely equitable, right, legal and lawful in accordance with the true interpretation of the treaty of 1909, article II thereof which are the privileges that have come to Canada, and which it is our duty, and the duty of every good Canadian to defend—not to go beyond, but to defend. I have told my colleagues in the United States section if they can establish to the satisfaction of all concerned a certain right to water lawfully, we would be the first people to recognize their lawful rights and to abide by them. On the other hand, we expect that they will content themselves with what is lawful and not try to take something which belongs to us. I think this is only a reasonable position.

Now, when you come to these figures they show the water which has to be supplied—at least, I should have said what they are demanding should be supplied—we will probably be able to cut it down materially, but this is what they are demanding. They are demanding that very limited supply in the critical period when the water has to be conserved for tilling their dams and supplying their irrigation needs and so on. They will require for the operation of their turbines at Grand Coulee $18\frac{1}{2}$ million acre feet and on top of that 5.1 million to fill the reservoir, and another commitment of 4 million acre feet for pumped irrigation, which they have in the course of development. At the moment, they are actually using only a little over a million acre feet. That leaves a very narrow surplus—only some 700,000 acre feet. Regardless of whether we supply this water or whether it comes from Mica, or Kootenay river, or the Pend d'Oreille or any other place, there is only 700,000 acre feet left as a surplus, and you can see therefore if we are to conserve in high water years—and they do come—the amounts of water which we want to fill Mica and Luxor-Bull river, we have to be very careful with every possible bit of storage in British Columbia that we can find, and we have to put a lot of storage into what I call cyclical storage which I explained, in order to release water from a low level to protect the water we want to keep with the high energy content in the high levels.

I think you will realize when we have a narrow margin, such as I have indicated, it would be very disturbing to say the least to enter into a contract to supply from the lower Arrow lakes some 4 million acre feet which has to be supplied—

Mr. BARNETT: On an annual basis?

The WITNESS: Yes. You can do it in high water years and it does not matter to anyone, but the high water years are not the limiting factor with which we have to contend. Our limiting factor is the low water years, and then

we would have to give them an extra amount. I understand that the Kaiser contract was to run for 50 years. This would give them not only an additional amount of water on which they could draw every year, but we would have lost that storage capacity to turn into cyclical storage for the use of water to protect our own interests. Mr. Barnett, have I answered your question?

Mr. BARNETT: Yes, thank you.

The CHAIRMAN: I am sorry, gentleman, but there is a vote in the House, and if you will excuse us, we will suspend our proceedings and come back as soon as possible.

—The committee suspended its proceedings for a division in the House.

(Upon resuming)

The CHAIRMAN: We are now resuming, gentlemen. Has Mr. Barnett finished?

Mr. BARNETT: Yes, Mr. Chairman, that was the only question I had to ask.

The CHAIRMAN: Very well. Now, Mr. Fulton.

Mr. FULTON: I would like to ask General McNaughton if he would make a further comment on his views with regard to the returns to be demanded—quite apart from the question of whether or not this is a good proposal in the overall picture.

The CHAIRMAN: What do you mean by "this is?"

Mr. FULTON: The proposed Arrow Lakes dam, and his comments from the point of view of its relationship to the overall Columbia development. Would the General comment further on his views with respect to the amount or the return which British Columbia would get if the Arrow Lakes dam were to be constructed. I ask this. In the light of some of the evidence given by British Columbia experts—and I refer particularly to the evidence of Mr. Paget, at page 351, as compared with General McNaughton's earlier comments on the matter at pages 44 and 45. It is too technical for me to be able to interpret, and to contrast one with the other; but it does seem to me that there are two fundamental different points of view which I am not able to reconcile and I would appreciate it if General McNaughton would do so for me. I refer to pages 44 and 45.

The CHAIRMAN: Do you mean Mr. Bonner's answer?

Mr. FULTON: No, Mr. Paget gave us some technical information appearing at the bottom half of page 351 of the evidence. Mr. A. S. Paget, comptroller of Water Rights.

The CHAIRMAN: And what is your question?

By Mr. Fulton:

Q. It is difficult, as a layman, to put this into language which conveys exactly the meaning I have; but as I understand it, the effect of General McNaughton's evidence at pages 44 and 45 was, that when you are fixing the return which should be paid to British Columbia for the benefits which the American power plants would derive from the water stored in the Arrow Lakes, you should take into account in assessing that return what it would cost the Americans to build alternative thermal plants, on the basis that if they did not get our water stored, and the power derived from it, they would have to put in some alternative plants which presumably would be thermal plants. You then estimate what it would cost to install them, and operate them, and the carrying charges on the capital cost, and then ask that they should pay us at least the equivalent of what it would cost them.

I think General McNaughton was using the figure of seven mills per kilowatt hour, as a basis or as a figure to be used to calculate, what we should

ask as a return for the benefit which they get. Mr. Paget took exception to that figure, on the basis that the American thermal plants, if required, would be to be used only for a maximum period of some two and one half months in the year, and therefore you must average down that seven mills.

If there is some reconciliation of those two points of view I would like to have it.—A. I would be glad to try to clarify the position for Mr. Fulton. I think I should start this way: that in the development of a region such as the Columbia Basin, which has been endowed by providence with enormous resources in water and in head, and the combination of the two being put together in the power plants to give power, that power will be produced as much as it possibly can from these plants.

Now in point of actual fact, on the Columbia Basin, or on the Columbia river in the United States, they have by reason of their great need for power, put in generators and turbines with a capacity far greater than the minimum flow of the river will permit to operate.

The load factor, I believe, speaking from memory and subject to slight adjustment one way or the other—the average load factor on the Columbia plants is of the order of 63 or 64 per cent. That means, in the difference between that and one hundred per cent, that the generators will be idle at the time of low flow.

Now, the power people naturally are selling all the power that they can get; and the power that they can get off base flows, which is firm power, or 60 to 70 per cent load factor, they will market that at a given rate as firm power.

Then they will say that on occasion we can take a chance of having larger flows and we can use these idle generators, and we can get some interruptible power and sell it to the metallurgical concerns and others at a slightly lower rate.

It ends up, particularly in the Pacific Northwest states, that every kilowatt of firm or interrupted—or whatever you call it—power is in fact contracted for, and certain obligations have been undertaken for its delivery.

Now there comes a low-water year. Whether there is a contract or not, there is an avid market for every bit of power that is available, and as on the last occasion when there was a shortage, when they had even traction engines turning over little generators and feeding the power back into the lines; using anything, regardless of the cost of the power, in order to get power to the people who needed it, and to keep the wheels of industry turning.

Under those circumstances, gentlemen, there are only two ways by which deficits can be made up: one is by having stored water from somewhere or other, so that the generators themselves may be put into operation—turbines and generators—and thus put power out on the lines and if they have not got that, then they have to provide steam power.

My claim and my statement which I believe to be correct is this: that these storages that we contemplate developing on the Columbia have downstream from them, ample generating capacity so that we can send this water down in adequate volume without hurting anybody at any season of the year. In particular we can let this flow go down at the season of peak demand in the United States when, if it was not for these flows, those plants in the United States would have in fact to be shut down.

What have the Americans got? What advantages have they got? They have the advantage of having our water in regulated flow coming on the peak of their loads at a season when their own plants are shut down. Or they have the option, if they wish, and are timely enough about it, to develop immense steam plants and build them and hold them in reserve to meet contingency. They won't operate the steam plants any more than they can possibly help

because I have given figures to show that the best of the modern steam plants—those high pressure steam plants which are being built in places along the coast where fuel oil can be brought in by ship with very low freight charges against it are running now; if they are operating all the year round, or if they are operating for eleven or twelve months they can generate power for five or six mills, and that sort of thing.

On the other hand, if those plants are held in reserve, and have to be there to take care of these peak loads, the costs of such power per kilowatt hour are of the order of eight mills or more. I think I have discounted a bit into the future the improvements which will still be made. I have said that a fair price at which to assess the value of that type of power would be seven mills.

It is the fact that they have got to get power from somewhere—the public and everything else demand it—and it is the peaks which make the difficulty. If we hold the water in storage and allow them to use their existing machinery to make up their demands, that is one way to solve the difficulty. The other way is to build immense steam plants and hold them idle until they need them for the peaks.

It does not do any good to build steam plants and then to use them as part of your base-load establishment, because you have got nothing over to handle the peak loads whenever they may come. That is the genesis of my argument without going into detail. I trust I have made myself clear.

Hon. Mr. LESAGE: I am interested in this too. It seems to me that we might ask the general to read the two last sentences of Mr. Paget's reply which appears on page 351 of the unprinted minutes and evidence. I am sure you will want some clarification on this, because I do.

Mr. FULTON: I would like to start further back than that.

Hon. Mr. LESAGE: Possibly, yes.

By Mr. Fulton:

Q. I quite appreciate, and I think I understand, as a layman, what General McNaughton has said: first, that on the basis of them putting in these plants to take care of emergency situations, it would cost them about seven mills per kilowatt hour to produce power during that period; and on the basis of that you calculated—and your figures are at page 45—that with one million acre feet of water stored at the Arrow Lakes, it would be worth—at Bonneville, I take it—\$6.1 million annually. That is what it would cost them to produce the equivalent energy at Bonneville.—A. May I correct two points just to keep the argument clear. First of all, the figures I calculated were not related; the calculations in these tables were not related to the Kaiser Dam or the Arrow Lakes particularly.

Q. Oh?—A. I did it in such a way as I thought would be most useful to this committee: I calculated the value of 1 million acre feet to drop through one thousand feet of head, and I left it up to the committee to total what it would be in the Kaiser proposition as well as in all the other proposition which were going.

Q. I see.—A. I just gave two units; I can apply them to the Arrow Lakes. If you want me to do so, I could use the simple arithmetic here.

Q. At a later stage in the committee, after Mr. Paget had given his evidence, and while your evidence was being discussed, I recall an argument being advanced to show how, with this \$6.1 million annually for one million acre feet, that since three million acre feet were going to be stored at the Arrow Lakes, the value would be \$18 million annually. But I take it now that the calculation would have no applicability to the situation which would

result from the storage of three million acre feet at the Arrow Lakes.—A. No. You would have to multiply it by whatever head there is below the Arrow Lakes, in terms of what it is per thousand feet to arrive at your figure. I think actually below the Arrow Lakes the head is about 730 feet, as I recall it now, in round numbers.

Q. So it would be about $\frac{3}{4}$?—A. In round numbers $\frac{3}{4}$ of—

Q. You used the figure \$6.1 million for 1 million acre feet?—A. \$6.1 million multiplied by the volume which you put at 3 million which is $\frac{3}{4}$ of 18 millions.

Q. Roughly 14 millions?—A. I went on to say that was the value. I said that was one of the factors which needed to be taken into account in a fair and equitable bargain, the value to the recipient of the services which are rendered, and I said on the other hand the seller, which would be British Columbia in this case, would need to know the cost of rendering that service to British Columbia. That cost would be made up, if British Columbia built the dam, by the interest and operating charges on the dam, the fair charges for water rights in accordance with the usual custom, and rental of property and all these other small charges. As I said on the one hand you had the cost to the seller and the value to the recipient, and then the two people ought to get together and strike a bargain between them as to what should be arrived at.

The seller would not get everything he wanted and the buyer would not get quite as cheap as he wanted. There would be a bargain between them. I have never myself, Mr. Fulton, tried to draw that line precisely because I believe it cannot be done until we get the gentlemen from the United States across the table from us and do some pretty shrewd bargaining over it.

Q. So on that basis, for the purpose of assessing—I think your words were—"the value to the purchaser" we have it somewhere around \$14 million?—A. That is right.

Q. And that is based on your figure of 7 mills per kilowatt hour as being the cost of the alternative power?—A. That is right.

Q. Mr. Paget appears to take issue with you on your 7 mill figure. So that the record will be complete I would like to read that part of his evidence at page 351 where he says:

Even allowing your thermal power at 10 mills for $2\frac{1}{2}$ months of every year, which is excessive in the Columbia in the present day, cost averaged over 10 years would be somewhere in the order of about 2 mills per year including the cost of investment. Now, you must accept that this is only auxiliary. You are not generating a base load with thermal power.—A. That is right.

Q. If you were the figure of 7 or 8 mills would be significant. But, the seasonal high levels of the Columbia are such that further use can still be made of seasonal power. The potential from the annual point of view for that source of energy, has been no wise used up. It is ample for part of the year. Thermal power plus part of the year hydro power make the overall cost something like 4 mills and maybe plus half a mill, or a point or two less—I cannot tell you exactly because I do not know.

At which point Mr. Herridge called it one o'clock. Now, it seems to me that what Mr. Paget is saying in effect is that the 7 mill figure is being used as though these alternative thermal power plants would have to be in operation the year around, but because they would only be in operation for $2\frac{1}{2}$ or 3 months, he says it is not realistic to use 7 mills. And then he said that particularly when you average it over a 10 year period it would be more

realistic to use a figure like 2 or 2½ mills. Now here we are as laymen sitting between two groups of experts. On which side do we come down?

Hon. Mr. LESAGE: 2 mills per year.

Mr. FULTON: 2 mills per kilowatt hour per year.

The WITNESS: I understand Mr. Paget's difficulty and I think I know what he had in his mind. That is possibly the way one of the plants might be billing one of the consumers. They might have said we are supplying you with cheap hydro electric power. Say this is a matter of the base load; we have got the base load to fill in for 8 or 9 months of the year and are getting that at a couple of mills, and in order to keep your load up we have got to go and buy power for 7 mills to fill in the balance of our contract. Now, in that case rather than divide the bills into two parts, one part which deals with the base load for 9 months and the other part for 3 months, they might average the rate over the whole period. But in dealing with this the United States are not in that happy position. If they have not got the steam they have not the ability to satisfy this load and they are coming to an outside organization to buy that power to fill that gap in that commitment which they already have. We are asking no more from them than an independent steam plant in their own country would ask. Perhaps I should illustrate that by another experience of the last few days.

Mr. FULTON: But, General McNaughton—

The CHAIRMAN: Please let the general continue.

The WITNESS: We have just come back from a series of meetings of the International Joint Commission related to the problems of the St. Lawrence and closely related to the very difficult business of the regulation of the levels of Lake Ontario, the drawing down of high levels in order to benefit the shore property owners as much as we possibly could. One of the schemes which was put before the commission for a regimen of these lower levels required a substantial reduction of head which would be available when the big power plants would be built at Barnhart Island.

We took the views of the power entities, the Power Authority on one side of the State of New York and the Hydro-Electric Power Commission of Ontario on the other, and they made the assertion that such a regimen of the levels would in fact result in the loss of a very considerable amount of kilowatt hours per annum. They made the statement that if the commission imposed that loss upon them they would expect compensation. The compensation was figured out by these very experienced engineers who are dealing with these matters every day on the basis of what it would cost to generate that additional power by steam. I remarked to one of my colleagues at that time that here we have the Power Authority of the State of New York and the Hydro-Electric Power Commission of Ontario basing their claims on exactly the same basis that I had put before the commission and before this committee. I said that in the difference between the point of value and the point of what it was costing, there was room for bargaining. So, in the case put before us this was a specific demand based quite clearly on steam.

By Mr. Fulton:

Q. You have just used the illustration that if they do not get the benefit of the storage from this dam they will have to install plants of their own will or be in the same position as if they have to buy from the owner of a steam plant at 7 mills?—A. Yes.

Q. Would it not still be realistic then to say that they would only have to pay that for 2½ months out of the year? But you are suggesting we charge them that rate the year round although they only require the storage so that

they will be able to fill in that $2\frac{1}{2}$ month gap. Are we not saying you should pay us that rate for storage the year around although you would only have to use it for 3 months or alternately buy power from steam plants for 3 months?—A. But we are exactly in the position of the steam plant. As far as delivery of water—regulated flow—is concerned, our dams are filled for 7 months of the year and the flow is only used for that particular period on-power. We are not helping them only from the regulated flow we are not in the picture of the base load they are developing, that comes from the ordinary flows that passed by us or over our dams. The service we are rendering with stored water is, when the flows are high, we skim the flood crest off them and put it in behind a dam with the highest altitude we can get and hold it there until it is actually needed to meet a deficiency downstream, whether in the United States or in our own plants in Canada.

We may be operating these flows for a certain proportion of the year. So we are exactly in the position of a reserve steam plant held for the purpose of discharging the commitment.

Q. And it is for that reason that you say—I am not expressing an opinion—on the merit of your argument—but it is because of the reasoning you have used that you say it is fair to charge them on the basis of the full 7 mills although they will not actually be using that for more than 2 or $2\frac{1}{2}$ months; they will not be getting the benefit of that for more than 2 or $2\frac{1}{2}$ months of the year?—A. That is right. There are two kinds of storage; two general categories. Annual storage which we release in order to equalize the deficiencies in the kind of flow that we get in these ice-melt rivers, very low in the winter rising to high peaks in the summer and dropping off. We have our reservoirs operating on an annual basis. You release water and even it all out. Then we have these other storages which I have been laying emphasis on, storage which will be operated intermittently.

We may be holding water in Murphy Creek dam conceivably for 6 or 7 years without using it, and then there is a low water year and all the plants have used up the annual storage which is available, and they are crying out for water to make their turbines turn their generators and so on and we have a commitment to release that storage; that storage at that time we have held for 7 years before we released it, perhaps, or maybe more. Surely people can understand that storage of that sort is of very special value to the recipient. At such a time he will pay 20 mills for his power rather than not have it.

Q. In striking the balance—although you say we are not in a position yet to suggest a formula on which that should be struck—but after ascertaining the value of that power to the purchaser you do admit they are entitled to have taken into account in striking the balance the carrying charges to them of the capital cost of putting in the dam if they put it in?—A. Undoubtedly there must be a profit. A fair bargain is one which conveys equitable benefits to both parties. I certainly think that the privilege given to Canada under the treaty, and by every law of equity and right that the values we actually give should be recognized in the bargain; it must be fair. I can say without fear, I am sure, of any dissent in this audience that a fair bargain is something which approximates to the value; I mean a discount of some sort but not a fraction.

Q. I would like to ask one or two questions on the possibility of the Columbia diversion into the Fraser.

The CHAIRMAN: We are entering into another subject that might be brought in at a later date. I think the general has some remarks to make on that himself. I think we should keep within the limits we are in.

Hon. Mr. LESAGE: May I ask some questions. In arriving at the value of that power that we would be supplying to the United States, is it not correct to say that what we should take into account would be the replacement cost of their present installations, not the original cost, because they were built during the depression years and only part of the capital cost was assigned to power?

The WITNESS: Mr. Chairman, I think myself that the point raised by Mr. Lesage is very well taken. The matter which is at issue is really between the two nations, between Canada on the one hand and the United States on the other. If we are to be realistic it means that the exact costs incurred by the respective nations ought to be taken into account. Certainly if you were to try to arrive at the 2 mill rate from Bonneville you would have to take into account there not only what is listed under the Bonneville appropriations but the very very large sums of money, which are listed in the American books under relief, in order to get to a realistic figure. In dealing with new projects it is essentially replacement or current costs on which we should work.

Mr. FULTON: My question on the Columbia had to do with something the general had to say today.

The CHAIRMAN: You will have your opportunity later on.

Mr. CROLL: General McNaughton, the record you have read has reference to various memoranda prepared by yourself of talks with the Kaiser people and more specifically referred to on page 26 of the British Columbia brief and printed on page 301 of the minutes. Now, I should like—

The CHAIRMAN: Your voice is good, but we do not hear you very well due to the accoustics of the room.

By Mr. Croll:

Q. I said the record of the proceedings has a reference to memoranda prepared by the general of talks with the Kaiser people and with particular reference to page 26 of the British Columbia brief printed on page 301 of the minutes. Therein the dates are set out. Have you that?—A. Yes, sir.

Q. Now, I should like you to give the committee the background, the purpose and the intent of those memoranda?—A. That is quite an order, sir.

Q. You used to give me orders and I always took them and tried to carry them out.—A. I shall endeavour to carry out this, Mr. Croll, but I hope the committee will not regard me as trespassing on their time.

Q. We have lots of time.—A. I wonder just where to begin on this. These documents which have been brought to the attention of the committee in the brief which was presented by the British Columbia government and the Honourable Mr. Bonner, copies of them, were all made available here when they mentioned it and were tabled I understand by the chairman of this committee. These memoranda are mostly labelled confidential and in some cases not only confidential but personal and confidential. When I was before this committee earlier I had the whole file under my hand when a question was asked at times the question could only be answered by quoting a document which was labelled personal and confidential, and was a communication from myself to the Minister of Lands and Forests of British Columbia.

Now, as far as I am concerned, nobody is happier than I am that these documents are out before the committee and in a way in which they can be quoted from and I have the same privilege of using them here as anybody else. At the time I mentioned to the committee the character of these documents was such that I did not feel at liberty to table them or to use them except with the consent of the recipient and at that time we had not that consent. Now, these documents are before us.

The CHAIRMAN: I might say that this is to be found on page 45 of our own reports, because anybody who might read this may not have the British Columbia reference before them. It is on page 45 of our minutes of proceedings.

The WITNESS: These documents start: the first one is the 10th of May, and it records the conversation which took place at Montebello, Quebec, between representatives of the Kaiser Company who had come to see me, and myself, which, as far as I was concerned, was the first occasion on which this proposition of developing storage in the Arrow Lakes came to my notice.

By Mr. Fulton:

Q. Was not the first one on the 3rd of May?—A. The second of May.

Hon. Mr. LESAGE: The conversation took place on the second of May, but the memorandum is dated the 3rd of May.

The WITNESS: The memorandum was dictated by myself on the following day from rough pencil notes. The actual conversation took place on the second of May.

Well, these documents run through and record all the various discussions with the Kaiser interests and with the others who were concerned, and the thing that I want to make clear—which I hope I can make clear to the committee—is that these gentlemen came to me in my capacity as chairman of the Canadian section of the International Joint Commission which, as you know, is a body charged along with our United States colleagues, under the reference of 1944, to make investigations eventually leading to a report, with recommendations, as to what should be done in the Columbia basin. That is the reason for my interest in these matters in the Columbia basin of British Columbia, and the reason of course why, because of the information which we have and because of the contacts we have, all and sundry wished to have talks with us and advise as to how to proceed and so on.

I think these documents make it abundantly clear that we have never purported in the commission to have any power of decision whatsoever in regard to the matters coming before us under the Columbia Reference. Our sole responsibility is to gather information and to assess it and to arrive at conclusions, and to report those conclusions with recommendations to governments in due course. The only way we can influence the result is through the reasonableness and the relevancy of the conclusions we arrive at and the recommendations which we put forward. We hope that any discussion will be followed by study by those who build these dams and regulate the water and any benefits on the downstream plants and so on, but that is not something with which we are concerned at this stage. We are "investigatory", if you want to put it that way.

Throughout these conversations we made it clear to all and sundry, whether it was the Kaiser people who were sent down here, or the people who were sent down by the British Columbia government to talk these matters over with us, that what information we could give them—or whether it was a body such as the Puget Sound Utilities Council who were actively interested in the development of the Mica Creek storage, or other people who felt that they had some interest in this matter—we have listened to everything they had to say to us. We have given what counsel we could as matters went along, and we have made it clear to them that we have no executive responsibility in the matter. More than that, we being the recipients of information of this sort, have seen to it that at the official level this information was passed on to the officials of the British Columbia government and likewise to the officials of the government of Canada, so that they might know and be prepared,

and perhaps have thought out what they would do if one of these propositions came to a head quickly, and it had to be dealt with.

We have never felt that we were in a position to say that this will be done or the other thing will be done, or to draw the matter to the attention of the minister. I do not recollect—the minister is here and I hope he will bear me out—but I do not recollect ever having got, in the whole of these Kaiser conversations, to the point in my mind where I thought the time had come when I should take some responsibility as chairman of the Canadian section of the International Joint Commission and make representations on the subject to the minister concerned. We felt that these matters were being studied by the British Columbia government and we felt that we had a right to expect that the observations that we were making and reporting, and the information that we were giving in the various memoranda tabled here, would be taken into account by the governments for what it was worth; and I venture to say that I think the conclusions and the observations which I have made in these various documents have merit.

I read them all through very carefully since they were published and I believe they are true and represent a correct slant and proper indication of what Canada should do in the premises. These were all observations passing to the governments and I felt that when they had made up their minds on what they wanted to do about some of these matters, that we would hear from them, probably by reason of some communication from the government of British Columbia to the government of Canada. We might then, under a reference, have some direction of that sort.

But the first I knew, gentlemen, that this matter was not proceeding that way was when I received a telegram which I believe is in your records. It was on the 17th of September, as my recollection goes, of last year, and it gave intimation that the British Columbia government was on the eve of making a bargain with the Kaiser interests.

I at once suggested by telegram in reply—and I think my telegram is on record too—that it would be most fortunate if any commitment was entered into until we were in a position to give them some of the new information which had just come to our attention. To my surprise—really that word is too mild a term—but to my shock, on the following day I got a message saying that a bargain had been struck, and it intimated that we had nothing more to do with the matter in the premises. A very, very serious situation, gentlemen, arises in consequence of that action, and I assure you it is not a situation with which it is my responsibility to deal.

I would like to note the particular reason that I had in sending the telegram which, as I recall, I sent on the 18th of September in reply to Mr. Sommers' telegram of the previous day. The situation I wanted to bring to his attention concerned this new possibility of the use of the flow from the Mica Creek reservoir to help out in the regulation of the Fraser for power, filling in the low points without adding to the peak flow in any way, or without adding to the flood protection problem, and giving promise that this great development there could be carried out without detriment to the salmon, which is one of the most important resources of that river.

This possibility of the use of our flows ourselves in our own country is important for two reasons: first, because of the tremendous advantage to Canada in gaining for British Columbia these immense additional resources in power, all of which will be required at the rate at which power development is going, and more particularly because our American friends, thinking that these flows had to go to them anyway, had withdrawn from the position of offering us anything for our flows at all. They were proposing to sit below the boundary and to take our flows and to give us no recompense whatever for them. So it was essential for those of us who had responsibility for Canada

for those studies, to take a very careful look around the Columbia and Kootenay basins to see whether there was a possibility of getting some value for Canada, because the United States were not going to concede us any value if we did not. That was made very evident to us.

Sometime when the committee has leisure—I am not suggesting at this time—they might care to follow the debates which took place over several years in the International Joint Commission in relation to this Libby application and the very sound views of the British Columbia government, which were given in a statement in response, that we—if we were to make these waters available at Libby to the United States by permitting them to continue the flow across the boundary—that we should require due recompense for the resources that were given.

The Commission entered into a discussion on the Kootenay River. That was before my time in the Commission; but they gave the engineering board instructions, in good faith, on the basis that recompense—due and proper recompense would be given. They gave the Board instructions that they were to disregard the boundary completely, and that the development would be in the common interest, and that the Board was to assume, when it came to the Commission, that if these sites were in the United States and benefitted them, there would be proper recompense from one to the other. That was the basis on which the Libby application was put forward in 1951. Unfortunately, when the recommendation came to the Commission from the Board to build Libby, it did not take us very long to find out that there was no boundary; and when it came to the selection of projects of benefit to the people downstream, there was the clearest kind of boundary there in order that the benefits should go downstream and not to Canada. You can imagine a situation such as that facing the Canadian members of the Commission. We are not inclined to take this sort of thing lying down. I do not think we would be welcome before this committee if we did.

Mr. HERRIDGE: I should say not!

The WITNESS: I exposed as much of this as I could on previous occasions to this committee, and I can tell you, Mr. Chairman, I was never so much heartened by anything as I was by the understanding which you gentlemen gave me in these endeavours to hold the resources of Canada for the benefit of Canada.

Now, what did we do? We had from the United States this indication that they were glad to take our water and to give us nothing for it. We at once turned the attention of our engineers on the possibility of the use of those waters in Canada. The first possibility we found was that we could take the Kootenay, thanks I think to divine Providence, within a mile and a half of the head waters of the Columbia. When the Kootenay is high, some of the water flows across Canal Flats into the Columbia, so that by building a dam below the river we could get five thousand cubic feet per second on the average over the year out of the Kootenay, and put it into the Columbia where at least we would have the benefit of nearly 570 feet or more of head than we otherwise would. That was something of substantial value. I take full responsibility for this. I then invited our engineers in the study of the Mica reservoir to examine the Monashee mountains from cellar to attic, so to speak; certainly from away up the Canoe river right down to the boundary to ascertain if there was, in fact, any possibility of taking these waters through those mountains—or some portion of them—to use them through the two thousand odd feet of head in the Fraser basin and so to generate power and get some return.

Those resources, under Article 2, are recognized by both governments as being the property and under the sovereignty of Canada—and of British

Columbia. Two days before, I think it was, I received Mr. Sommers' telegram, I received the first really definite indication of that possibility the first after two years or more of work. That was the matter which I wished to bring to the attention of the Minister of Lands and Forests before any commitment for the use of storage which was made by him, if it were developed, might well inhibit this larger project.

Gentlemen, I think you can understand the feelings of the chairman of the Canadian section of the International Joint Commission when he found that the door had been slammed—not in his face; it is not a question of him at all—but that it had been slammed in the face of this opportunity that Canada might have to hold her rightful place, and hold her rights as regards the use of her waters for the generation of power.

I think I detected, in going through the reports of your meetings, some indication that a report of this matter was not made. The allegation is that a report of this matter of the Columbia diversion, which was the matter under discussion, had not been made to the government of British Columbia. That is not correct. I waited until I got my formal reports in from the engineers, and until we had an opportunity to study and assess those reports in detail, and to give consideration in the Canadian section of the Commission as to the line of action which was proper for us to recommend to Canada. That involved getting more money for this investigation, and as soon as we had reached a definite idea on it—which was towards the end of October—I wrote.

Mr. CROLL: You mean October of 1954?

The WITNESS: That was in October, 1954; I wrote the two letters which have already been referred to by the federal minister. One was directed to him, explaining this proposal and requesting that money be provided by parliament to carry it out; and in order that the British Columbia government should be fully apprised of this matter, the premier of British Columbia was provided with a copy of the submission which I made to the Treasury Board in which all the details are set out.

Now, in mentioning these matters, I would like to say to the committee that all I have tried to assert is to bring to your notice first that the British Columbia government was equally informed, insofar as we were concerned in the Commission, with everything which was transpiring.

The WITNESS: I do not think that in the interests of Canada with very difficult negotiations in prospect with another country it is desirable that either the letter or the documents should be produced. However, in speaking to members of parliament, and to citizens of Canada, I would be very happy indeed if anyone here as a Canadian citizen, and in confidence wanted to see just what is contained in these letters. That is one of the things for which I am grateful to you gentlemen. You have given me the opportunity of coming before you again and of letting everybody know how these things have been handled with those concerned, in both governments, being informed to the greatest possible extent.

I can support this by quotation after quotation from the documents which are open and available to you. There is no right for anybody to assume other than the facts that we have recorded, and everybody associated with me whether officials in governments or otherwise regard it as a fact that all these things in the process of development were in proper order. If the British Columbia government had thought these matters out, they would have some sort of proposition to put before the government of Canada as was required—

Mr. FULTON: Have you completed that?

The WITNESS:—by the constitution,—the most important negotiations with the foreign power involved and perhaps also by reason of the fact that the

International Joint Commission was engaged under a reference agreed to by both governments in doing the most delicate negotiations of which it is possible to conceive and which would be required in order to protect our interests.

Hon. Mr. LESAGE: Also, General, is it not a fact that all the engineering data that has been collected by the engineering board has been made available to the British Columbia government by the British Columbia office of the water resources branch of my department?

The WITNESS: Mr. Minister, they have a standing instruction to that effect. The Department of Northern Affairs and National Resources carries out the detailed investigations for us, but they are done at the instance and in accordance with the expressed desires of the commission. I write the letters to invite them to do certain work, and the minister and his officers carry out those investigations and provide us with the results. The standing order is that the British Columbia government should be kept fully informed of these matters and this has been done.

I think Mr. Chairman, that sets out my position. I could go on paragraph after paragraph quoting from these letters, but that is the substance of it is as I have given it to you.

Mr. FULTON: Thank you, general.

The CHAIRMAN: Is that all? Is that all Mr. Croll?

Mr. CROLL: Yes.

The CHAIRMAN: Mr. Herridge?

By Mr. Herridge:

Q. Mr. Chairman, I was very interested in what the general had to say earlier in the committee meeting in answering a question with respect to the dedication of water to the United States on account of plants already in existence. I have in my hand a copy of a news report from the Vancouver Herald dated May 5 entitled "Sommers says B.C. could lose huge projects." I wish to quote three short paragraphs and then I will frame my question.

Back from hearings of the external affairs committee of the House of Commons in Ottawa, the minister said in a press conference that B.C. could lose its right to store water on the Columbia if the controversial dam is not built.

Mr. Sommers said if American interests can't use B.C. storage on the lower Arrow Lakes they will build more generators on their existing plants.

In that case they would be entitled to a greater dedicated flow of Columbia River water by international agreement. B.C. would not be allowed to hold back Columbia flood waters needed for increased U.S. generating facilities.

I should like to have the general comment on that statement because it seems rather unusual to me.—A. Mr. Chairman, I know that Mr. Herridge will forgive me, but when being asked to comment on statements made by a minister of the Crown, I find myself in extraordinary difficulty. I think that because Mr. Sommers has made that statement, he must take the responsibility for it. I do not believe that the chairman of the International Joint Commission should comment on what any minister says, and I would beg to be excused. However, I will answer the substance of the question.

Mr. CROLL: That would not apply to members of the opposition, would it?

The CHAIRMAN: The witness has indicated that he will answer the substance of the question.

Mr. HERRIDGE: What interested me was the suggestion that if this Kaiser dam was not built, the Americans would build other dams and we would lose the right to these waters.

The WITNESS: Mr. Chairman, so far we have only referred on occasions to the Puget Sound Utilities Council and not in any detail to the discussions we have had, at the instance again, of the British Columbia government. In this case it is a matter of principle, or something which is formulated, and I would not suggest that we should draw out for publication the actual records of those discussions which are in the form of a confidential report from myself to the government of British Columbia. I am not trying to hide anything nor to cover anybody in saying that; please believe me. The point is that they contain information which would be of value to the people who are on the other side in the rather difficult negotiations that we are going to have to engage in before we are through.

As far as the information is concerned that is required to answer the type of question Mr. Herridge has placed before me, I am in a very happy position because only a few days ago I received from Dr. Paul Raver, who is the chairman of that council, a report called "Power Programs for the Puget Sound-Cascade Region". The interest they have had all along, of course, is in the development of Mica Creek storage. Also they would like to be allowed to get some of the Mica Creek site power. I have with me a chart which shows the position which this company is in. Commencing with 1954-1955, between the five companies, they control 1 million kilowatts and they have had to cast their minds forward 25 years to 1974-1975 when they feel that in that area of the country they will require $5\frac{1}{2}$ million kilowatts at their disposal. They are quite frank to say that, unless they get this amount of power commencing about 1962-1963, or preferably a few years earlier, in an unfavourable water year they will be on very short grounds indeed in the event of a low water year such as we get. They know it will take us about ten years to build the Mica Creek dam and to get the reservoir in shape for use, but they are quite prepared to put up the several hundred millions of dollars required for that purpose merely if we will provide the stored water. The catch is that they want the stored water for 50 years under an agreement which would enable them to extend that period of time into perpetuity. I do not believe that anybody in this audience would approve of that knowing the way power requirements in the region are increasing; knowing the way in which costs for power other than hydro are increasing and knowing about the uses resources we have laid out in the Columbia basin associated with the Fraser basin. If used properly, we can build a plan for steady development over the next three decades which will start with power—I cannot give figures because we are not that far along in our calculations—but figures of very cheap power indeed which will become increasingly cheaper as the development progresses.

Gentlemen, I do not believe there is another region in the world beyond this region of British Columbia of which we are speaking that has this opportunity to clearly lay out a progressive development down through the years and to have it operate in terms of cheaper power year by year as the development goes on. Not only that, but in the interim period they have to realize, as I mentioned in one of my statements today, that we are close to a very large potential market in the sister province of Alberta. Our at-site power at Mica Creek and Priest Rapids and The Dalles has in round number $2\frac{1}{2}$ million kilowatts of capacity. Calgary is 225 miles away, Edmonton is 235 miles from that site, and both are well within transmission distance. Vancouver on the other hand is some 300 miles away, and this involves higher transmission costs of course. What we are proposing to do, however, is to provide for the Vancouver area and the lower Fraser Valley not by transmitting electrical power on which

you face line loss but by putting water through the mountains and using it in generating plants within 100 miles of Vancouver where the line loss would not be so great. This would satisfy the Vancouver market and, in the hope that the people responsible will take cognisance of the needs of their sister province of Alberta, the surplus power would be made available to the latter at a fair rate rather than be sold to somebody outside our country altogether.

This is what these gentlemen are going to get according to their own pronouncements in the way of power from Mica through downstream generation—I will hold this chart up and you will observe a yellow blob at the top which represents no mean proportion of the total of their load. That yellow blob is Mica, and that is what they have set their eyes on. I have only one copy of this book, but I would be happy to turn it over to the secretary of this committee so that it would be available to anyone who would care to examine it.

The CHAIRMAN: Does that satisfy you, Mr. Herridge?

Mr. HERRIDGE: Yes, Mr. Chairman, thank you.

Some Hon. MEMBERS: It is six o'clock.

The CHAIRMAN: If you want to call it six o'clock we will adjourn until tonight at 8 o'clock.

EVENING SITTING

MAY 12, 1955.

The CHAIRMAN: When we adjourned at 6.00 o'clock Mr. Herridge had the floor.

**General A. G. L. McNaughton, Chairman, International Joint Commission,
Recalled:**

By Mr. Herridge:

Q. Mr. Chairman, I just have a few more questions to ask General McNaughton. I ask them because my constituents, particularly those who live on the Arrow Lakes, are strongly opposed to the Kaiser dam. In fact the great majority of them live between the international boundary and Revelstoke; and they are opposed to it because they greatly fear flooding. They have been told of certain levels, and that they would be flooded. I have a statement from the Kaiser people that three million acre feet would flood up to the 1948 level and so on; so my people are very much concerned. I appreciate their concern because of the amount of money they have spent in the district; and they are concerned about flooding in respect to the destruction of projects, and quite naturally they object to it. Mr. Paget's statement before the committee made reference to the Murphy creek dam and he showed a map to the committee. It left me with the impression as well as some members of the committee and others who read the minutes—I have been sending the minutes out to dozens of people and they have been delighted to receive them—but Mr. Paget's statement rather created the impression with respect to his discussion of the Murphy Creek proposal and the elevation to which the dam would be raised that this was a proposal of the International Joint Commission or of the federal government, and that they would possibly be imposing this upon the people of the district.

Now, Mr. Chairman, I wish that General McNaughton would explain to the committee the workings of the International Joint Commission in a matter of this sort and its procedure, and how it goes about protecting the interests of local people and who is definitely responsible for determining lake and river levels in a situation like that. Also I would like the general to give me, if he

can, what his engineers consider to be the mean high water level of the Arrow lakes.—A. Mr. Herridge, the engineers who looked that figure up for the average high water level put it at about 1,395; and I would like to take advantage of Mr. Herridge's question and perhaps emphasize that there is no definite project as yet worked out for Murphy creek. What we have been trying to do for you is to give you a sense of proportion of what is likely to "eventuate".

The engineers are busy on the examination of the river bottom at that site at this very moment. They have completed, I am told by the engineers in the interval, a line of core-holes to see what the foundation conditions actually are. Those cores are under examination at the moment by geological and other specialists. I am not saying and I cannot say that the boring is completed, because from past experience particularly at Mica, I know that time after time the experts, before giving a final judgment on these highly technical matters, on which the expenditure of vast sums of money is predicated, have asked to go back and put more holes in so as to confirm or reject some conclusions they have made. You may be sure in this case, with all that stands by it, we will not press them to give a judgment ahead of time.

When these real engineering data are available—and they are being sought with all the resources that we can bring to bear, another group of experts will take these data and will do a design for the Murphy Creek dam to meet various criteria. At the same time the economists associated with them will make an evaluation of the land which will be flooded, the cost of remedial works, the cost of excavation at the Tin Cup rapids, the cost of the excavation in the channel below "Nakusp" and other things which are related to having a reservoir which is thoroughly manageable and which will protect the interests of the people, the interests of agriculture, fisheries, and others.

If these matters remain with the Commission, once we have reached a conclusion ourselves on what is reasonable to recommend, we will look forward, as we always do in the International Joint Commission, to putting these matters squarely before the people of the vicinity.

Article 12 of the Treaty lays down the procedure which we must follow; it is not will or anything on our part, by which we must bring it to the attention of the people. Article 12 of the treaty reads as follows:

The Commission shall have power to administer oaths to witnesses, and to take evidence on oath whenever deemed necessary in any proceeding, or inquiry, or matter within its jurisdiction under this treaty, and all parties interested therein shall be given convenient opportunity to be heard, and the High Contracting Parties agree to adopt such legislation as may be appropriate and necessary to give the Commission the powers above mentioned on each side of the boundary, and to provide for the issue of subpoenas and for compelling the attendance of witnesses in proceedings before the Commission. The Commission may adopt such rules of procedure as shall be in accordance with justice and equity, and may make such examination in person and through agents or employees as may be deemed advisable.

So that in so far as these matters are under the jurisdiction of the International Joint Commission you can be quite sure that the people, at the proper time, when we have the facts, will be completely consulted.

If these works should be built under federal jurisdiction—and nobody at this stage can say who or what will be the authority to do it—they provide in the same way for public hearings; and similarly, I know that in British Columbia under their public works Act, and under their Water Resources Act, there is every opportunity given to consult the people. So whatever method of procedure is adopted, the people, as soon as we or the authorities of the two governments concerned are in a position to do so, are going to be consulted in this Murphy Creek matter as well as in all the other aspects of the investigation.

I hope, Mr. Herridge, that with the assurance that nobody is trying—and even if they did try—to urge a scheme through and have it built before the people were awake, there is not the remotest possibility of anything of that sort occurring.

Q. I am very glad to hear that, General McNaughton.

The CHAIRMAN: Now, Mr. Low.

By Mr. Low:

Q. Mr. Chairman, I have to confess at the start that I am struggling with three or four matters which will require a good deal more information before I can possibly make up my mind definitely on the subject we are discussing now.

I would like to ask General McNaughton to return with me for just a moment to a statement which I think he made this afternoon. I may not quote his words exactly, but in speaking of the importance of Murphy creek he said something like this: It is important for protecting the use of flows from upper reservoirs. The point of issue, he went on to say, is the satisfaction of whatever the United States appropriation proves to be when we get around the table with our American colleagues. I may not have quoted his words exactly, but that I think is the sense of what he said.—A. Yes sir.

Q. If I am right, would General McNaughton, please make clear to the committee what a dam at Murphy creek would do that a dam at Castlegar would not do in protecting the flow from the upper reservoirs in British Columbia. That is my first question.—A. Mr. Low, I am very happy indeed to have the opportunity to deal with that matter again specifically. May I take the last question about what Murphy Creek might do as against what Castlegar might do, and answer it and get it out of the road as a preliminary to dealing with the first part of your question?

Q. That will be fine.—A. Have we got that profile map? If so put it up somewhere where the members can see it. It is the special Murphy Creek—Arrow lake profile. We will put up the same profile which I put before the committee the last time especially to answer a question raised by General Pearkes. I think it is more helpful to have something to look at.

Mr. Chairman, this is the approximate profile of the Columbia River from the international boundary here extending upstream to Revelstoke; and this first very heavy black line that we have is the approximate minimum water level for November 16, 1935.

That is put on there as a minimum water level mostly to give us a point of departure. Now you will see that there is a considerable very rapid fall in the river from Revelstoke down to this point here; and then a less rapid fall down to Arrowhead, and then we come down to the Upper Arrow Lake and we come to the Nakusp region and there again the fall at low water conditions continues about the same.

It gets a little bit more rapid in the lower part of those narrows between Burton and the Needles, and in the Lower Arrow Lake it is up pretty well level until you get to Castlegar.

Castlegar is at the head of the Tin Cup rapids, and coming in from the side of course, as everybody knows, there is the great river, the Kootenay. The level continued on more or less with a little drop to Castlegar, and in the Tin Cup rapids it falls very quickly and then continues on the same way down to the boundary below Trail. After it crosses the boundary the level flattens and you are then in the Grand Coulee reservoir or Roosevelt lake, as it is sometimes called.

Sometimes, under special conditions which are approved by legislation in an order of the International Joint Commission, there is a certain backwater effect across the boundary. We do not object to it at the moment. We keep track of it but there has been no real occasion to object to it because we do know any interests which were primarily affected.

Now, of course, there is the Waneta power plant at the mouth of the Pend d'Oreille River which joins the Columbia half a mile above the boundary. Any flooding across the boundary which is reflected in backwater at the Waneta plant would require payment of compensation. That is the situation there.

Now, that is the Kaiser dam site as near as we have been able to pin them to a location. From the reports given to us it is located at that point. The Murphy Creek dam site is below Birchbank, and some little distance above Trail at that point. The level line which is drawn across the top is the 1,402 foot level which I mentioned this afternoon, and which is only realizable by a dam, provided we do certain channel improvements in this vicinity to facilitate the flow. We have some very considerable channel improvements here to keep the construction of Tin Cup rapids out of the road. We assume that these are done.

Now we come back to these sites. The amount of water in this area is represented by the difference in position of the dam sites. I am afraid from memory I cannot give you the exact figures. It is something of the order of perhaps one hundred thousand to two hundred thousand; but it does not matter, it is not important. That is really not the position which is at stake in getting a measure of comparison between these two sites.

You will see that at the Kaiser site for a given flood line you have only 30 feet of head in round numbers whereas if you go downstream you take advantage of the fall through this section of the river where the same drop level of flooding—of course here you get about 60 feet. In this case there is no possibility whatever of installing a dam. In this case as I indicated this afternoon we have every expectation that the installed capacity at the plant would be 250,000 kilowatts. On that basis and with the flows of the Columbia that are involved you can see there is at-site power here of a very considerable quantity.

Repeatedly this question of the backwater effect of the Brilliant dam on the Kootenay river comes in. It comes into this pool here about on this line, so that under the conditions pictured on the map there would be perhaps 10 feet of backwater against Brilliant. I want to say that it does not really matter very much in this comparison—10 feet of backwater. Why does it not matter? It does not matter for the reason that the water usage of all the turbines at Brilliant is 13,500 cubic feet per second, and the mean flow of the Columbia river here is something like 69,000 and I think we figured for the purposes of computation that we would discount it a bit and wrote it down at 50,000 cubic feet per second. That means there is 50,000 cubic feet per second down here, 13,500 of which comes down here into this pool—mark you—above the Murphy creek dam site, so that any water coming down the Kootenay has to come over here. What happens if we have a power installation here, and we already have the one at Brilliant—if we put backwater against it, it merely means that the useful head at Brilliant is transferred to this point, and in any event, it is a very good thing for us to do, to raise the levels as long as we can do so without hurting the people, because the flow here is about four times greater and in the development it will be considered as being four times as great. Therefore if you lose a thousand kilowatts at Brilliant due to backwater you automatically get four times as much or 4,000 kilowatts here and since Consolidated is composed of pretty sharp busi-

ness men they will demand compensation. We will give them their 1,000, and we will have the 3,000 left over for the benefit of the public. This is the point, Mr. Low. There is no power at-site after you do your proper assessments of the river bottom and so on, and your protective works on this particular level as far as our engineers can tell us. Any examinations made today reveal there is very little difference in the flooding and the damages and that sort of thing, and it really becomes a choice. Here you have one-quarter of a million kilowatts which even in power rich British Columbia is something which you cannot turn down for nothing. You have it here, but not here.

Now, this hinges in with the first part of your question, Mr. Low. The importance of having that storage or that power there is this, to my mind. I mentioned this afternoon that in the water at Mica Creek we had a possibility of 2,000 feet of head to be developed. The actual crest of Mica is 2,440 I think. Please do not hold me too closely to the figures, because I am giving them from memory. There is about 600 feet head one way or another due to care for the Salmon and little difficulties with the railroads that are in the way and roads that we cannot relocate in these various passes where things are narrow. I think we will lose that, but we can see about 2,000 feet of head for use of Mica water. In the years of ordinary flow there is plenty of water and no difficulties whatever. There is water flowing down here and over all our dams which will not be used, and the same thing is true in the United States at Grand Coulee. In years of medium flow and above they spill water all the time, and there is no problem in meeting every lawful appropriation that can be claimed for and give them something on top of that. But when we get to these years of low flow which occur once or twice in a ten-year period, then we have to take note—under the treaty and under the lawful appropriation that has been established—of the fact that the United States were first in time and therefore are first in right in the capture of certain of those flows down below.

As I have indicated to this committee on several occasions the margin of safety that we have in going ahead with these high located storage developments—while I think it is adequate, and I am quite sure we can protect it if we use our ingenuity—nevertheless it is very narrow, and if we built this dam, and along with building that dam cause a contract for 50 years for 3 million acre feet of annual storage to be provided, what will we do? We will take that 3 million annual storage and add it to the commitment and do not make any mistake about that—I disagree most emphatically with the view that has been expressed by some of our good friends in British Columbia that by some “legerdemain” we could get an arrangement by which we could have payment for the storage and at the same time not have it count as an appropriation. I think that is just wishful thinking. I cannot see it in that way. I cannot see the very hard-headed business men, who are looking at this matter on the opposite side of the bargaining table to us, and whose one idea is to get a regulated flow for use to give them peak power, consenting to have one of their agencies enter the picture and get a thing of that sort, and at the same time say, “This is not what we are looking for,” and contract it out in advance. I think to expect it, Mr. Low, would be to anticipate that the American people on the other side of the bargaining table are more naive than they are in reality. We would probably have no difficulty in years of medium and high flows. We would have water to spare for everybody. It is running over everybody's dams and is extra water which is a nuisance. What we have to do is to satisfy these lawful requirements for appropriations in the critical water years, and how can we satisfy them? The only way we can satisfy them is to satisfy them in kind. If we fill our Mica creek—and remember these flows do not occur every year, and they may be flows that are stored a year before which are held there ready for use—these reservoirs are full. Along comes

a low water year and we will say that there is an American demand which is shown to be lawful for another 3 million acre feet, and for which we are under obligation. We have to comply with that treaty. That is our only protection; we must comply with the treaties and do what the law says. We have to give them 3 million acre feet in a particular period of low water which is usually in the summer months.

We might say from where will we give them water? We have developed our Murphy creek dam site in the way I indicated today. We have at site power there which we have been using throughout the years satisfying the local market and possibly sending a bit across the transmission lines to Hope into the grid which is not an economic thing to do, but we are anxious to have the transmission link and make some use of it. We may lose 8 or 10 per cent of the energy on line loss, but along comes a demand for 3 million acre feet. We say, "What will we do—will we let it go from there or from Mica?" Those are about the only two places we have. A little later on we may have something on the Kootenay lakes at the upper end of the Kootenay lake, at Duncan lake, and there are some small storages on the tributary such as Whatshah and some of the other developments in the course of time, but they are small and you cannot get 3 million acre feet from them. Now, we let this go. We interrupt the 250,000 kilowatt plant, and we have satisfied all the American demands for it, because it does not make any difference to them whether the plant is down level with the boundary or up high—it is water they are after to put through their own heads. By doing that we have conserved and protected the same amount of water up in Mica creek to use for ourselves and our own diversions. While here, the most we can get out of it is the 60 feet—a given amount of water through 60 feet, when you come to Mica creek we will use that same volume of water, which we protected, through the 2,000 feet—in other words from an energy point of view we gain three-fold by having this block of water to let go in satisfaction of a low flow demand, and we have held our own water up above to use through the plants we will some day view through the 2,000 feet. That is why I am so anxious to make clear the value of this business. It is perfectly true if you want to hold this site here for cyclical storage you will get maybe 300,000 acre feet less of storage in it, and you could let it go just the same way as any others, but the water, the head and the flow would have been idle in these periods. We believe when we come to look at the cost—I do not suggest it is for an economic consideration immediately, but later on when we begin to reach the limit of our resources, and they have come into play and we are going around doing what I call "titivating"—that is, cleaning up in the same way the Ontario Hydro is doing now, picking all the small plants and developing them—we will have to do the same thing out there some day. The 250,000 kilowatts is a possibility there, and is very much worth while having. That is all I have to say, Mr. Low.

Q. I will try to straighten out in my mind this long answer which was technical and difficult to keep in one's mind. Would I be right, General McNaughton, in summing up this way, that the advantage of a dam at Murphy creek over one at Castlegar, limiting it strictly to the effect that either dam would have in protecting the use of the flows from the upper reservoirs, would revolve around whether the 3 million acre feet contemplated in Arrow lakes being built, and the Castlegar dam is included in the 18,500,000 feet dedicated, which term I think you used?—A. Yes, I coined that word.

Q. Or whether it is over and above the 18,500,000 dedicated as shown in your 71 schedule. Am I correct in assuming that?

The CHAIRMAN: Ask General McNaughton the question and he will answer it.

By Mr. Low:

Q. Am I correct in assuming that the big difference in the effect of the two is in whether the 3 million acre feet of storage in the Arrow lakes storage is or is not included in the 18,500,000 dedicated to the United States?—A. We are going to need a staff of chartered accountants before we get through with water included in other water and so on. But, Mr. Low, I have said I cannot conceive of our colleagues on the other side wishing, or being willing, to pay good money which has no value. Now, the only value that we can see in this proposition is that the water usage of the Castlegar dam would be restricted to something within the figure that presently goes for the operation of turbines and that they might be able to keep up the at site level in this other dam a little bit longer in the year than otherwise would be the case; and it is very little. If they are able to raise the head in the Grand Coulee dam between 4 or 5, or whatever it is, feet, which may be possible with 3 million acre feet, that adds a little bit to the power but it does not add one kilowatt hour to the benefits which occur downstream. And our American friends are much more concerned with the benefits of stored water coming into them on the peak of demand downstream than they are even at Grand Coulee itself. The value of that at Grand Coulee is about 360 feet and below Grand Coulee there will be in full development something of the order towards 900 feet. So that the benefits downstream are at least three times greater than they are at Grand Coulee and what they get at Grand Coulee is just a little additional head, a few percent of kilowatt hours. The thing is not something that the Federal Power Commission or any authorities there consider an asset at all.

Q. I must admit that perhaps I put my question badly. Maybe I can put it more clearly because I did not get the answer to the thing I had in mind. When Mr. Bonner was before this committee he made this statement at page 350 of the evidence and I quote at the very bottom of the page. Mr. Bonner said:

One of the questions which is uppermost in the minds of the provincial government in connection with the Castlegar dam is that the 3 million acre feet which it is proposed for storage should not be in excess of the 18½ million which is noted on table 7 on page 71 of the proceedings of this committee. In other words there is shown in that schedule to be for operation of turbines at full rate speed in a period of storage in a minimum year 18,500,000. The 3 million which is in contemplation for lower Arrow lakes is not, as I am advised, to be considered over and above that 18,500,000, but rather is to be included in it. That is one of the premises under which the matter is being approached by the government of British Columbia. That is something which we must insist upon for the proper development of the Columbia.

Now, the question then that I ask you first is this: you do not agree that the 3 million acre feet contemplated for lower Arrow lakes storage is contained within the 18,500,000?—A. No, sir, I most emphatically do not.

Q. Thank you. That is the first point. The second point is this: the people in British Columbia, their engineers, firmly believe that the 3 million acre feet figure is contained within the 18,500,000?

Mr. STICK: Where is that in the evidence?

Mr. Low: It is here in the evidence.

Mr. STICK: It is Mr. Bonner's evidence.

By Mr. Low:

Q. Mr. Bonner had his engineers here and constantly advised with them and Mr. Paget agreed with that figure. I point this out to General McNaughton for a very important reason. If the British Columbia contention is correct then would you admit that the building of Murphy Creek would have no advantage whatsoever over the Castlegar dam in so far as—using your own words this afternoon—protecting the use of the flows from upper reservoirs would be concerned. Would that be correct?—A. No sir, it would not and for the reasons which I have given. I should be emphatic and I am.

Q. I am not asking you, sir, if it would be correct assuming that your figures are correct. I am saying would there be any advantage in building Murphy creek if the contention of the British Columbia people is correct?—A. Mr. Chairman, the whole premise is wrong. I am not prepared under any circumstances to give an answer to an alternative question when the premise is wrong.

Q. That is fine.—A. That is the answer to that.

Q. Very good then. We will leave it at the moment at this, that there is serious disagreement between your engineers and yourself on the one hand and the British Columbia engineers and the ministers there on the other, with respect to the value of Murphy as opposed to Castlegar in protecting the flows from the upper reservoirs. That is the first point.—A. You may, Mr. Low, say that, but I say the situation is entirely different to your premise. So that this question falls, if I may say so.

Q. Mr. Bonner when he was here said your premise is wrong and that theirs is correct and we as the members of the committee have to measure between the validity of the claims of your engineers and the engineers of the British Columbia people. Now, I wanted to ask you, have you seen the aerial map that was shown to the committee by Mr. Paget when he was here and referred to on page 299 of the evidence?—A. The answer is yes I have seen it.

Q. Now, I draw your attention, General McNaughton, that Mr. Paget when he was questioned in this committee as recorded on page 299 said this:

Mr. Chairman, this map represents a portion of the Columbia river between the Murphy creek damsite and the so-called Castlegar damsite. It shows in addition the existing Brilliant dam of the West Kootenay Power and Light Company, the town of Castlegar, the village of Kinnaird; the location of the railroad may be found as well as highways and agricultural lands.

The red line that has been imposed on this aerial photograph illustrates the approximate elevation of 1,422 feet. That has been placed on this map in view of the repeated statement that the Murphy creek damsite would be desirable to store 4 million acre feet, presumably 4 million net acre feet.

The result of this elevation of 1,417 feet, which would be required to contain 4 million net acre feet, plus 5 feet, and the elevation to provide by way of action of ice during the storage period, indicates that a great deal of the Canadian Pacific Railway in this area would be flooded and would require relocation. Moreover, substantial areas of low-bottom land would be flooded out; a great deal of the town of Castlegar would be flooded, and important areas on the south side of the river would be flooded as well.

A great portion of the Canadian Pacific Railway in this area would be flooded, and there would be high water conditions against the West Kootenay Power and Light Company's plant at Brilliant, which might be so serious that this particular plant could not operate.

The Castlegar dam, as you can see,—

Mr. BYRNE: Mr. Chairman, on a point of order.

Mr. Low:—"has been located with a view to taking this particular difficulty away from a rather important industrial and transportation junction of the province."

The CHAIRMAN: Mr. Bryne, have you a point of order?

Mr. BYRNE: I think we have established the principle that we are to ask questions. This matter brought up here has been answered.

The CHAIRMAN: I assume it is preliminary to another question and I am quite confident that the question will come in due course.

By Mr. Low:

Q. Now, General McNaughton, I would like to have your comment on that, particularly with the question in mind, do you agree with the conclusions of Mr. Paget as he described the situation looking at that aerial map on which he had superimposed the red line showing the level?—A. I would be glad to answer that. It took me about half the committee's time already in the answering of this question, because we had a profile put up on the wall in which I showed you very specifically the effects of a profile of 1,402 feet which is sufficient with the proper excavations and channel improvements which are indicated in some detail all the way down through the upper Arrow lakes, through the narrows and down the Tin Cup rapids. With those excavations which the engineers contemplate with 1,402 feet as the top profile in behind the Murphy creek dam there is 3,300,000 acre feet of storage on the lakes and additional 150,000 feet of storage between the Castlegar and the Murphy creek dam plus some additional through drawdown resulting from excavation making a total getting on towards the 4,000,000 in round numbers that we have been talking about.

The trouble, as far as we can make out from the map, and I have a copy of the map which Mr. Paget produced and which we studied very carefully indeed, Mr. Paget has drawn his profile at 1,422 feet, which is 20 feet higher than is necessary. When he comes to calculating the effect of flooding in Castlegar and the others, as far as we can make out from the evidence given to us, he has left out the protective works that we propose our engineers should put around one corner of the town and also leaves out again the fact that that with the levels equalized by the excavation I have indicated there is no flooding of the railways whatsoever.

Now, you ask me if I agree with Mr. Paget's map and the answer is No, and for good, sound engineering reasons, No.

Q. Thank you very much. Now we are getting along fine, we are getting the answers.—A. That is wonderful.

Q. I am not trying to argue with General McNaughton, but I am trying to get a number of answers to very, very important questions. We have got two or three very serious disagreements.—A. Yes.

Q. Now, there is a third or fourth one I would like to bring to your attention and that was discussed briefly this afternoon, perhaps more than briefly, but I would like to take you back for a minute to the calculations that have been made on both sides relevant to the value of storage at Castlegar. Now, Mr. Fulton asked quite a number of questions this afternoon about the matter and indicated—

Mr. FULTON: And got a lot of answers.

Mr. Low: Not the answers you were seeking but you got answers.

By Mr. Low:

Q. I want to ask this question: do you not think that Mr. Paget's method of calculating the probable values of the storage is a pretty sound method?—

A. Is that a yes or no question?

Q. Yes.—A. Well, the answer is No.

Q. Fine, there again I am glad to get the answer as definitely as that, because it helps us. Now, Mr. Chairman, you will see what I am driving at here, you have another very serious disagreement between the engineers of first standing on the one hand here with the International Joint Commission and the federal government and the engineers of high standing undoubtedly on the other hand out in British Columbia who have made a careful study. Both of you have come before this committee, one tells us one thing, the other tells us the opposite with respect to these questions. There are those around the table who say that the thing to do is to accept General McNaughton's evidence and not to accept the other evidence.

Mr. STICK: You are assuming things you have no right to assume.

Mr. Low: I am saying exactly what I heard one of the members say this afternoon, I did not say all of you.

Mr. STICK: You said members.

Mr. Low: No, I said some member. Now, Mr. Chairman, what I want to get to—

Mr. FULTON: Perhaps others do not agree.

Mr. Low: I think they will see if they do agree.

The CHAIRMAN: Let us not assume what other members can think or not think.

Mr. Low: We will take the record as it stands when we get to the vote.

The CHAIRMAN: It will be up to everybody to judge the value of the arguments in both sets of answers.

Mr. Low: That is what I am trying to get. Now, Mr. Chairman, the thing I am trying to come to is this: in trying to assess the value of all of these discussions I find myself face to face with exactly what General Pearkes said he was faced with this afternoon, the very unsatisfactory situation in which we as members of the committee have to try to decide between conflicting evidence, seriously conflicting evidence on a number of very, very important points in connection with this whole matter. I doubt very much if we can possibly reach a conclusion as a committee on the basis of the evidence as to who is right if we stayed for ten years under the present circumstances. My own feeling is this, that we are wasting a great deal of time on these technical matters and I think, Mr. Chairman, we ought to get back to a discussion of the principle of the bill. Now, the principle of this bill, it seems to me, has nothing whatsoever to do with—

The CHAIRMAN: We are not at the stage in the committee when we are to discuss or any member has a right to give his views on the principles of the bill. We have a witness here and if you are through with the witness we will have someone else ask questions. We will not discuss the principles of the bill until we come to that stage in the proceedings.

Mr. Low: I did not expect you to take my advice, but I certainly did expect you to conduct yourself as becometh a good chairman.

The CHAIRMAN: Thank you for that remark. I think up to now I have acted with very great courtesy towards you and every other member. The point is that at this moment we have a witness, we would like to clear our minds and

consciences and get all available evidence, and at another time when the bill is before the committee for final study and each member will have the right to express his views as to the principle of the bill. Tonight we have a witness and we want to get through with that first.

Mr. Low: Surely you would not deny me the right to make a statement on what I thought about the present conduct of the—

The CHAIRMAN: I do not think it is a proper time to reach a conclusion on that. I have had committees for a good many years and when we have witnesses we should not express our conclusions in their presence. We should ask the witnesses questions and when we start the detailed discussion of the bill that will be the time to express ourselves and deal with the value of one set of evidence as against the other.

Mr. Low: I might say, Mr. Chairman, you have wasted more time than it would take me to say this ten times over. I will conclude by saying we should be spending our time discussing the principle of this bill because that is something on which we can come to a conclusion.

The CHAIRMAN: As long as we have a witness we shall deal with the witness.

Mr. RICHARD (*Ottawa East*): Does Mr. Low mean that no one should question the witness?

Mr. Low: I was making an observation on which you could agree or disagree.

The CHAIRMAN: The chairman disagrees anyway.

Mr. Low: You have the privileges of a chairman.

By Mr. Stick:

Q. To follow up Mr. Fulton's question of this afternoon about the bargaining rights on the other side of the line—as I understood the question and answer somebody will be spending a lot of money storing this water which may not be used for seven years. In drawing up an agreement or in making a bargain with our friends south of the border should not the cost of the storage of this water be taken into consideration when striking such a bargain?—A. I think that is the part of wisdom, Mr. Stick.

Q. Can you give us any idea of the cost of storing water for two or three years, or for a number of years? We have not had that information in evidence yet, and perhaps we might get some idea of the correct valuation?—A. The best and most authoritative values that we have, Mr. Stick, are related to Mica creek where the investigations have been through all stages. We now have a report from the consulting engineers which has been checked and counter-checked, so that we know the full quantities that are available as regards the water that may be stored behind the dam, and we know with real confidence the cost of so doing. I cannot do the arithmetic in my head, that is, translate the capital cost which I am going to give you into annual cost but perhaps some of the accountants and people who have been trained in that field of science will be able to work it out from these figures: at Mica creek the most recent figure based on the latest topographical maps, which we have only got within the last three or four months, show that the live storage in Mica creek will now not be the 10.5 figure we have been using but 11.8 million acre feet. The cost of the Mica creek dam is...

Mr. BYRNE: \$247 million.

The WITNESS: That includes the power plant. It includes 1,100,000 kilowatts of capacity. The cost of the dam and the reservoir is \$192 million, and

for \$192 million we are able to store 11·8 million acre feet during the worst years on record. Those are the capital costs, and it should be possible to figure out the annual charges. I cannot do the mental arithmetic at this moment.

Mr. STICK: So that in making a contract or entering an agreement with our friends south of the border, not when they want power but when they want water from us, as they are entitled to, the cost of storing this water should be taken into consideration?

The WITNESS: Yes.

By Mr. Byrne:

Q. I wonder if General McNaughton can tell me and the committee what is the average cost of a kilowatt per hour in these constructions as a general rule?—A. A recent figure which has been given to our technical officers is something of the order of \$17.50 in an average case per kilowatt hour.

Q. That covers the capital expenditure?—A. That would be the cost charge, the operating charge and so on. I would not like to take the responsibility for that figure as being more than an average figure because the costs vary tremendously from plant to plant.

Q. There have been press statements recently attributed to Dr. Summers that the cost of diversion of Mica creek into the Fraser would be so high as to bring the price three or four times as high as that of a normal installation. Have you anything to say regarding that? There is a cost of the tunnel to take into consideration.—A. The cost of the diversion—and I think there will be twin tunnels used in the end, but a single tunnel will be used to begin with because the cost of energy is so low that it is cheaper to use a smaller section and waste some of the power in the process, at least in the early stages. The energy availability will be ahead of the load for some years, so the economic way of doing it would be to build one tunnel of a pair to begin with and duplicate it later on. The conclusions we have reached on that are no different from the conclusions that were reached by the New York State Board and Army engineers in relation to the new works at Niagara. At Kitimat, there will be two tunnels eventually. This is the best use of the money that is available now. The cost of this diversion is difficult to estimate because we have three projects under review at the present time. One of them is in the Eagle Pass. The main diversion there will be 15 miles long. It will be something of the order of 45 or 46 feet in diameter, as far as present indications go, which is somewhat the same size as the diversions used by Hydro at Niagara. The velocity figure used in the calculation was 12 feet per second and there is some opinion among our engineers that 12 feet per second of water can be run up very materially to begin with. The cost of taking out a yard of rock is about \$10 which we had on a very firm basis from the tailrace diversion and the works there at Mica. You have got me in a position where I have to do some mental arithmetic on my feet. The cross section of the diversion would be of the order of 150 square yards and for each yard of length the cost would be \$1,500.

Anyway, Mr. Byrne, you would get a figure—though I have not worked it out fully—of something like 30 or 40 million dollars for that diversion, but that is very small compared with the cost of the power plant, and it is very small compared even with the differences which were found in the engineering estimates for this power project. The actual saving we have made at Mica creek by going from a concrete gravity dam to a rock filled structure took \$150 million of the cost in one fell swoop and made the project itself

far safer from the point of view of the people who are going to be downstream from it, and every bit as good from an operating point of view. These tunnels are only a fraction of that saving. I cannot give you an exact figure at the moment.

Q. The statement said—A. All I can hope to give you is a sense of proportion on it; it is very very small compared to the total cost of installation involved.

Q. The suggestion was that it was a frivolous undertaking.—A. I would just like to make one comment: if it is a frivolous undertaking, it is the kind I want to be associated with.

Q. Those were not my words; I was just repeating them. I understood to say that the present installation at Bonneville was being used up to 60 per cent of its capacity the year around. Is that correct? Is it approximately only 60 per cent?—A. I think it is a little more than that at Bonneville. I think it is something in the order of 60 to 65 per cent. I was speaking generally for the system. I would imagine that if you took the plant at Grand Coulee, you would find the load factor to be a bit higher because that is the most economical plant in their whole system and they use it to the limit.

Q. Do you think that a corporation such as the Bonneville Power Administration would seriously consider making the further installation to take advantage of the run-off? Would it be economical to make such an installation at this time?—A. We have been informed of the same thing; I have seen it in a number of public documents and reports coming from the United States; and if they could get another—this is the opinion of a number of consulting engineers whom I know of—if they could get another ten million acre feet behind Grand Coulee—

Q. It was suggested earlier by Mr. Herdridge that a press report indicated that the Bonneville Power Administration, if denied storage at this time, may go ahead and make an installation which would make use of the spring run-off, which would then give them a right to that spring run-off in perpetuity. Do you think it would be economically wise for them to go ahead and make such an installation at this time, or is it just a pipe dream?—A. In my opinion, based on the general situation, and this must be speculative, it is that they would be extremely unwise, because everybody is under notice now of the intention, provided these reports after investigation are satisfactory, that the government of Canada will do these things; and in previous references with our American colleagues, when it would have been to our advantage to have gone ahead and done something—there has been an understanding which has been effective in a number of cases, that there is a sort of moratorium that recognizes the commitment while the matter is under debate before the International Joint Commission. It is not very strong from a legal point of view, but so far that procedure has prevailed.

Q. Would it be true to say that the Bonneville Power Administration did proceed with a further installation, they would in consequence be watching this more avidly for storage in Canada at a later date?—A. Yes sir.

Q. And if there are any frivolous statements, we could say that the one appearing in the paper was frivolous in this regard. Would it be proper to return again to the appendices which were tabled during the time that Mr. Sommers was before the committee, and to refer to page 409 of appendix 4, and the meeting of the Kaiser representatives on Friday, September 17, 1954?

The CHAIRMAN: Yes, very well.

By Mr. Byrne:

Q. Is there some typographical error in the date here, or is it true that the Kaiser Aluminum officials were in negotiation or in discussion with you

here on September 17, 1954, in relation to the proposal at Arrow lake?—A. They were in my office, Mr. Byrne, upon their own motion when the first telegram reached me, but they were not told about the telegram.

Q. What about this statement made by Mr. Stoke-Rees? Is that a true statement of Mr. Stoke-Rees' promise to keep General McNaughton informed of the developments in the Arrow lake proposal as they became evident? Did he make that statement?—A. Yes.

Q. That was on the same date on which the contract was signed in another section of the Kaiser Aluminum Company?—A. That is right.

Q. Those are all the question I have.

The CHAIRMAN: There are only two more members to speak, Mr. Green.

By Mr. Green:

Q. General McNaughton, we have had evidence from you, when you were here before, and then more recently from Mr. Bonner, that there is no reason why the Mica creek project cannot be proceeded with now; in other words, that all the necessary investigations have been made in connection with that particular development.—A. May I answer you, Mr. Green: the consulting engineers' reports are in. They have been checked and counter-checked, and could go at once to the next stage, which is to do the actual designs. That is not a long process in the hands of skilled engineers. The actual detailed design has not yet been started.

Q. This particular project is the largest and the most important one in the development of the whole basin in Canada, is it not?—A. Yes sir; I am speaking from the physical point of view, the engineering and the investigational point of view. The project is ready for detailed design; but of course, on the policy side the governments will have to know the use to which the water is to be put; whether it is to be allowed to flow down through to the two power plants which will be above Revelstoke, at Priest rapids, and the Dalles, and then into the Arrow lakes down through Murphy creek and into the Grand Coulee, or whether it is to be diverted into the Fraser river. That fundamental decision as to the use can only be given by the governments.

Q. I had always understood that this development would be undertaken by Canadian governmental authorities or by Canadian companies; but this afternoon I heard you mention something about the Puget Sound Utilities Council having made inquiries about the Mica creek project. You were kind enough to lend me this power program which had been submitted to them by their engineers. I find this statement on the back of the front page:

Discussion with government officials in Canada and the United States which it is hoped will lead to the construction by the Council of a large Mica creek dam in British Columbia.

And we find that this council is made up of the Seattle City Light; Tacoma

City Light; Puget Sound Power and Light Company; Snohomish County and Public Utility; and Chelan County and Public Utility.

Those are the five power organizations in this council, and this program also seemed to indicate that the United States government would have a very large part in the financing. Are we in the position with this Mica creek project, that an American utilities council financed in part at least by the United States government is to build this Canadian dam and power plant at Mica creek? I would like to know if that fits in with your program for the development of the Canadian part of the Columbia river basin?—A. No sir, it does not. These gentlemen representing some several hundred million dollars were sent down for discussions with us. We carried out these discussions on

behalf of the British Columbia government and tried to get at the bottom of what they were about. The interests of Canada were made abundantly clear in those conversations, I can assure you, and in no sense were we going to be a dog in the manger about these things. We knew they were up against a shortage of power across the line due to the fact that they built more stream plants than they could allow for and that it would take about 15 years even with the best engineers to satisfy their storage and to help them regain their equilibrium. I would also like to mention that with the total of practically seven million kilowatts of installed capacity in the United States, on the main stem of the Columbia from Grand Coulee downwards, their own engineers have stated their reasonable storage requirements at 21 million acres. Today they have just over 9 million, and not quite 10 million, so their shortage represents about 10 or 11 million acre feet, and that is what these gentlemen would like, and one way or another they would like to make up for that deficiency out of Mica. The publication you have there, Mr. Green, was sent to me personally by Dr. Paul Raver who is the chairman of that group and a very able engineer who has been in the power business all his life. I acknowledged it and said, "I look forward very much to making a close study of this impressive document which I have noted devotes considerable attention to the Mica creek project although not along the lines mentioned in our discussions in Ottawa."

Q. In what position would Canada be if she allowed a public utilities council of this type to come into this country and install a project at Mica creek?—A. Mr. Green, in my humble judgment we would not even be, as I think Mr. Byrne said on one occasion, in the humble although useful position of being hewers of wood and drawers of water; we would merely be relegating ourselves to the negative role of storers of water for someone else's benefit.

By Mr. Fulton:

Q. General McNaughton, I would like to ask you a question or two about the possibility of the Columbia diversion. In this connection, I might say that I am merely a seeker after light. You will realize that I have a particular interest in it because if it takes place the Columbia river water will be flowing past my front door down the Thompson river on its way to the Fraser. I was particularly interested because on a number of occasions this afternoon—and I am not purporting to quote you accurately—but I understood you to speak in effect of making use of the Columbia diversion because enabling the use of the flow of waters through some 2,000 feet of head as it went down the Fraser to the sea.

Now in discussions with some of the people who were down here when you were giving your evidence before this committee earlier, they told me that the only power plant site on the Fraser below Lytton where the Thompson joins it, are in the vicinity of Yale, and somewhere between Lytton and North Bend. That area is only about 500 feet above sea level; so I am interested to know where you contemplate the possibility of power plants which would make an effective use of that 2,000 feet of head?

Mr. STICK: Before you answer that question, General McNaughton, might I ask Mr. Fulton for the names of the people to whom he was talking and from whom he got this information. You did not mention who they were.

Mr. FULTON: If you wish it I will give you their names, but I shouldn't think it is necessary, but they were interested people who were down here from British Columbia. If my information is incorrect, I am quite certain that General McNaughton will correct it.

The CHAIRMAN: The question was as to the source of your information.

Mr. FULTON: Well, I could put it this way, that I am advised—and if you want me to strike from the record that my information came from someone from British Columbia I will be glad to do so.

Mr. STICK: No, I simply want to know who it came from—who your information came from?

The CHAIRMAN: Are you going to talk amongst yourselves or are you going to address the committee.

By Mr. Fulton:

Q. I think I am in this position. I said in effect that I am advised that the only place power plants could be installed on the Fraser river to make use of the Columbia water would be in the vicinity of Yale, would be somewhere not far above Yale where the elevation would be about 500 feet above sea level. I am interested in know how that fits in with your statement that they might make use of the 2,000 feet of head?—A. We are not ready to go into any considerable detail as yet. So far we have been able to have our engineers do a general reconnaissance of these rivers starting with the Eagle river and running down that river to Shuswap lake.

Q. But that would go from Shuswap lake into the Thompson river?—A. Into the south Thompson river and down the south Thompson into Kamloops lake and then down the river until we come to Ashcroft, down to the Fraser river and then on down the Fraser river as far as Hope. We now have a long list of possible dam sites which show rock foundation, and have a number of other desirable characteristics, but we are not in a position as yet to assess them. We do know that at these sites we have been given assurance by the reconnaissance parties that in addition to the rock foundations we have room for the Salmon facilities and room to build the power plants themselves and room also to make sure that we have the adequate spill ways that are needed with only a moderate relocation of the railways. At this stage I would not like to make that detailed information available. There is a public interest in not having it not made available. We have engineers on the job who are making the investigation and so far as our money goes they are being pressed. We have a request which no doubt you gentlemen will be dealing with for some \$250,000 to be voted to pressing these investigations during the year. All I can say is that while nothing has been proved we are hopeful. And nobody can deny the hope that we have. What is needed is the completion of these investigations, the study of them and the working out of the economic consequences. That is all the authority which the government has given us, merely to do an investigation and to come up with the truth, the whole truth and nothing but the truth, if I can put it that way.

Q. Then, General McNaughton, your tentative information would indicate, would it, that the information I have been given that there are only two potential power sites that may be developed as a result of this diversion, may be proved to be quite wrong?—A. I do not subscribe to that from the information I have. It is reconnaissance information but it is promising.

Q. Your present information leads you to the hope that there may be very many more than two potential sites to make use of the water coming down through his diversion?—A. That is right.

Q. You spoke of a tunnel 45 to 46 feet in diameter which I understood you to say was somewhat similar to the tunnels of Hydro. Am I correct there is not yet any tunnel of comparable length and diameter in any development to date?—A. That is right, not of size and length. There would be if the occasion called for. This is an occasion which calls for it. There is no particular engineering difficulty involved in the matter, particularly in the 15 mile tunnel that I mentioned, because the topography is such that we

know first of all that the rock is good. There are only two faults in the whole of that 15 miles; one is a major fault in the crossing of the Jordan river which is to the west of Revelstoke, and the other is a minor fault further down the Eagle pass and the rock is good tunnelling rock and will stand up well. Except that in the regions of these faults which will require no doubt special treatment when we get to it, I do not even think the tunnel will have to be lined as things stand at the moment.

It is just an opinion because we are not ready with the specific information to be very sure about these things yet as you can well understand. This is only given for painting the picture broadly and subject to considerable variations as people work further in the dam. It has been the same with all the projects. We get first of all the general idea of what can be done. In our opinion I would say, if our experience with Mica is any experience, that we tend to overestimate the cost. The first costs of maintenance for the dam were put at \$425 million; that was in the days when we were thinking in terms of a gravity concrete dam some 700 feet high. As our people became familiar with the area and more familiar with the problems and special qualities of rock which could be turned to advantage, then alternative proposals were worked out until we now have these costs I gave you at some \$150 million saving over the original. I just say that even if we have to build a 15 mile tunnel the costs are not dominant considerations in the development of these very large amounts of power. They are only a part of the saving we made on Mica if you want to put it that way.

Q. I was going to ask you if you were in a position to give a very rough estimate of the cost of the tunnel alone. You gave us some figures which if one applied them on the basis simply of yardage and length of the tunnel we would provide an answer, but...—A. I think it was \$1½ million a mile. Say \$2 million; that would be 30 million for a 15 foot tunnel. I do not think that is out of the way.

Q. That is as I understood it, on the basis of moving so many yards of rock, but I take it the problem would be increased in that the further you go into a tunnel the greater the multiplicity of cost factors because it is not a case just of moving so many yards of rock but moving equipment in and getting so many yards of rock out. Those figures would have to be multiplied by some figure to take care of the unknown difficulty you might meet in making a tunnel of that length?—A. Yes. It appears favourable. In the Jordan valley we can get at both ends. Without too much trouble you can have 4 working faces which is quite a help. Now, we are not actually forcing the investigation of that particular possibility. We have gone by the geological information and the general topographic and first sketch layout. But one of the troubles there is we are pretty congested in the Eagle pass as you know Mr. Fulton, and everything is all right until we get to the underground power house we would like to make at Summit lake. When we get to the tailrace in getting rid of the water unfortunately in that project the forecast shows a loss of 120 feet of head, so we are investigating these other alternatives. A second one was shown on that map which we distributed somewhat earlier and the tunnel is a little shorter at Ratchford creek which is way up the back of beyond and runs into the lower arm of Shuswap lake. It is reported as having quite desirable characteristics from our point of view. One of the most important points is we are not in competition with railroads and what not. We have a free run to place the power plant where we like and we are above the run of the salmon, so this very important criterion of not hurting the salmon would not be interfered with there above Shuswap lake. Unfortunately we had to pull our parties out in the fall because of bad weather and

have not been able to get them in yet. They will be going on with that, and I know Mr. Warren has at least one more project worthy of being looked into and that will be gone ahead with with vigour the moment parliament gives the where-with-all to go ahead with these projects.

Q. I do not wish, by a multiplicity of questions, to ask you to give information which you do not think proper to give at the moment, but may I ask you this further question. From the answers you have given, would I be correct in assuming that the potential power sites which might follow from this diversion would not be on the Fraser only below Lytton but scattered along the whole length or course of the waters as they come down the diversion?—A. Undoubtedly. There are very good possibilities in your own country. We could not lose the head there.

Q. No. Now, you also used these words, and you may not have used them in relation to the question I am going to ask but in answer to Mr. Byrne a few moments ago, and used the words to this effect:

Everybody is under notice of intention by the government of Canada to go ahead to do these things.

Now, the thought that immediately occurred to me is, is the Columbia diversion included in these things and if so how strictly should we interpret your words?—A. I think I used some other words that may qualify the brief quotation you gave, Mr. Fulton. I said that the notice of intention to investigate this matter has been given, I said also that that had gone to the United States as well as others. I myself was happy to give my colleagues on the International Joint Commission a very complete review of the situation so that nobody can say that they are not under notice of intention in these matters. Now, nobody has got to the stage yet of how these works will be built or who is going to do it or that end of it; that is not something which concerns me as chairman of the Canadian section of the International Joint Commission. My business at the moment is to get the investigations gone, get the results together and studied, and specific proposals and recommendations put forward to the government of Canada and to the government of British Columbia. It is for those governments to settle what they are going to do there.

Q. So your words in so far as the Columbia diversion is concerned should only be interpreted as meaning an investigation to establish the feasibility or otherwise of the project?—A. That is right, but when governments make declarations of intention to investigate, we surely would in Canada have somewhat the same privileges of priority that is agreed to in the United States and there a declaration of intention by the federal government to investigate a dam gives, in Montana, three years' clear priority on the site.

Q. I was thinking rather not of a matter of priority as between the nations but of the very great concern which I am sure would be felt by the government of British Columbia if they felt this should be taken as a declaration of intention by the government of Canada to go ahead and do these things, including the construction of the Columbia diversion, it was in that light I was asking my question and I thought I should make that clear now.—A. I think I have made it abundantly clear that we are investigators and recommenders, we have no jurisdiction in the terms of decisions. I am sure I must have said to this committee at least a dozen times what our position in these matters is; we have no power to declare what government are going to do, we do not make decisions and, as I said this afternoon, the best we can hope for is to frame our recommendations and marshal our facts both engineering-wise and economic-wise so they will carry the judgment of those people who have the decision to make, which are the governments, the government of British Columbia and the government of Canada, they are both concerned.

Q. I wanted to get that down in this context.—A. I am grateful to you for giving me the opportunity.

Q. Now, with regard to Mica creek and its relationship to the possible Columbia diversion, I am advised that if Mica creek were to be completed without the Columbia diversion we would automatically give the Americans below the border the benefit of many millions acre feet—I do not know how many, I think you gave us the figure—but vast quantities of stored water because of the fact we would have a reservoir and that water would be released under controlled flow—A. That is right.

Q. That benefit would automatically flow to the Americans?—A. That is correct, Mr. Fulton, there would be under the present recalculated reservoir capacity 11·8 million acre feet which would be released in the worst year of regulated flow. That flow would be gathered through the previous summer, held over to the late fall when the river otherwise would be low, released in accordance with the requirements downstream. It would go through, in addition to the power plant at Mica creek itself, it would go through the plant at Priest rapids and The Dalles and between them these two plants would have two million kilowatts capacity, which would go through Revelstoke, through the Arrow lakes, Mica creek, if we build it, or Castlegar, if we build that, into Grand Coulee reservoir and that would give the people of the United States the additional 10 million or 11 million acre feet of regulated flow which they are so anxious to get to form their system. This would be a gift to the United States. You talk about princely ransoms or kindly ransoms, it is really worth billions of dollars to them.

Q. Would we be able to charge them for it?—A. Not unless we make an agreement beforehand, not unless they are willing to concede us the principle of downstream benefits for that flow.

Q. Supposing we decided to go ahead with Mica creek as a project of our own, that it was desirable in the interests of Canada, we wanted the power and had an outlet and the market for it, what would be the position then with respect to the benefits to be conferred on the Americans, would they not be in the position to say, "Well, how can you charge us for this because it is something you are doing for your own benefit and we benefit merely incidentally"?—A. That has already been said and the answer to that is, we are under no obligation to allow the flow to go.

Q. And, therefore, you put forward with the Columbia diversion?—A. That is right, and we were only put into that position when we were in the middle of negotiations over the Libby dam, as I indicated earlier today, my predecessors on the commission accepted assurances that in the studies the boundary line would be dropped and so would the boundary, for all practical purposes, of the division of the benefits.

Q. I am going to ask you a very hypothetical question if I may. Just supposing as a result of your investigation of the Columbia diversion you find that it is either not practicable or that economically it is of such magnitude it cannot be proceeded with in the foreseeable future; now that does not detract from the desirability and feasibility of Mica but what about the downstream benefits from Mica then?... it is a hypothetical question but it would be a very concrete problem, would it not?—A. We would then have to bear the cost, or the cost would have to be borne, about 900 feet of head, that would not affect the head that we would use in Canada and all the charges would have to be borne by power plants with that head. In other words, the cost per unit would come up fairly high, I cannot give them to you from memory, but inasmuch as we can get some—

Q. Some return?—A. Some return from downstream benefits which are equitable. If we only use the water as it flows through Canadian heads, it is not a worthwhile project.

Q. I take it from that, then, that only with either the Columbia diversion or with some income returns from the United States from downstream benefits does Mica Creek become attractive and feasible?—A. That is right.

The CHAIRMAN: Mr. Fulton, I do not want to shorten your questioning, but I have two more members of the committee who have asked for an opportunity to speak.

The WITNESS: May I just say that I have the answers available now? The head at Priest is 235, at Mica, 563, and at Dalles, 145, making a total of 963 feet of Canadian head. To that if we divert the power at Murphy creek we would add 67.

The CHAIRMAN: May I ask members of the committee to give us a chance and to sit for a few more minutes. There are only one or two more questions.

Mr. HERRIDGE: Mr. Chairman, there has been considerable criticism of the Canadian section of the International Joint Commission on the question of building the Kaiser dam and also of the federal government because of its stand in that matter. One of the criticisms has been based on this argument, that when the dam was built on the Kootenay river and at Corra Linn and when the International Joint Commission made an order for the storage of water on the Kootenay lake there were not any downstream benefits provided for at that time and no objection taken to the operating of this plant or the storage of water at that time. I ask General McNaughton for his views on this because there has been a lot of criticism about the matter and I would like to have the matter explained.

The WITNESS: I am very grateful to Mr. Herridge for this opportunity to deal with the matter. The situation is quite different. The situation on the Kootenay lake is different in that the inflow comes in from Idaho and the whole demand to create storage in the Kootenay lake lay with Canadian interests; they were the applicants who asked that the level of the lake should be raised. The raising of the water level created a backwater which spread upstream into the Idaho flats and put the reclamation farmers in the Idaho flats into some jeopardy at that time. The applicant was a Canadian firm which wanted the storage, not the Americans. The Americans were put at some disadvantage, and my predecessors on the commission had to save the Idaho farmers harmless from the effects of flooding. This cost the Canadian interests a good deal of money, since tidy sums had to be paid in respect of damages incurred by these farmers. That is the situation with regard to Kootenay lake.

Mr. HERRIDGE: Thank you very much, General McNaughton.

By Mr. Pearkes:

Q. I will try to put my questions as briefly as I can. It has been stated that there is a surplus of power at the present time in the southeast corner of British Columbia and that the cost of power at Murphy creek would be expensive for various reasons, and there would not be any market for it, I believe the evidence said, for 25 years, and certainly for some time to come. If there is no market for the power at the present time—if it is found feasible this summer to build a dam at Murphy creek, does General McNaughton recommend the building of a dam now or as soon as it is proved feasible even though there may be no market? Or would he advocate delaying the construction of that dam until a market for the power is in being?—A. General Pearkes, I think I made it very clear in the earlier part of the evidence before this committee on this occasion that we are in no position to assess the economics of Murphy creek at the moment.—A. Decision as to when it will be built will have to await the result

of the engineering investigations and studies I spoke of. I also want to say that my own view is that Murphy is in the category of one of the smaller power sites which may with advantage be cleared up a little later in the program. I do not regard it as an urgent matter at the present time.

With regard to those statements saying there is a surplus of power in British Columbia, the figures of the load growth in British Columbia are absolutely phenomenal this year, I am told, although I have not seen the exact figures and members of the committee will I trust forgive me for using hearsay before a committee of this sort. I gather the growth is about 15 per cent which is maybe two and a half times the national average. I am told also—and I mentioned this information the last time I gave evidence here—that those people who are responsible for seeing that British Columbia is properly provided with power are already anxious about the situation particularly as regards base load power, and there must be in the Canadian portion of the basin just as there is in the United States portion the belief that new starts must be made at once in a big way. I cannot go into details of this now, and General Pearkes will forgive me I am sure if I just give a general answer of this kind. I have not got the figures in front of me tonight.

Q. Let me put my question in a very simple way, then. Provided your engineers find that the site at Murphy creek is feasible for the construction of a dam do you recommend proceeding with that dam or do you recommend that the verdict should be left for future, and if so, how far into the future?—A. I think I have clearly indicated that there are a number of sites which are to my knowledge under consideration, although I have asked that in the public interest I should not be pressed to say where they are. They have the promise of more economically useful power for the moment—cheaper power for the lower Fraser valley for the moment—and I believe that Murphy creek is a site that could come a little later on in the program. By the words "later on" I mean several years later on. We have not got the matter sufficiently well studied yet to say how soon it may be. I can only give what I might call a qualitative answer.

Mr. Low: Will it possibly be one of the last in the order of priority?

The WITNESS: I think that was the opinion also of the British Columbia people. It is not one we would tackle until we have got a lot of other things done. I think that was the view of the experts that Mr. Bonner brought with him.

Mr. McMILLAN: Do I understand General Macnaughton to say that agents from the Kaiser Company went to see him on September 17 in connection with Columbia river?

The WITNESS: These gentlemen presented themselves in my office on that morning without an advance notice from me.

Mr. McMILLAN: And you received a telegram from the British Columbia government that same day saying that an agreement was about to be signed?

The WITNESS: That is right. I received the telegram while the gentlemen were in the office, I believe.

Mr. McMILLAN: And on the 18th you received a telegram saying that one had been signed?

The WITNESS: That is right. I sent a telegram of protest but I did not tell the Kaiser people what I had done.

Mr. FULTON: Was that the only meeting you had with the Kaiser people between the 17 of June and the 17 of September?

The WITNESS: To answer that question, I must say that there were representatives of the Kaiser people in and out of my office a good many times. I have noted here that they were in on the 9th of June, and the 10th of June.

There was a big meeting on the 17th of June, a copy of which has been made available to you. This is all 1954. Then there was nothing until these gentlemen came to see me of their own motion on the morning of the 17th of September.

The CHAIRMAN: Gentlemen, I think we have finished with General McNaughton for the moment. A vote of thanks is in order, to thank him for his help in assisting us in coming to an understanding of the problems involved.

The committee stands adjourned at the call of the chair.

HOUSE OF COMMONS

Government
Publications

Second Session—Twenty-second Parliament
1955

STANDING COMMITTEE

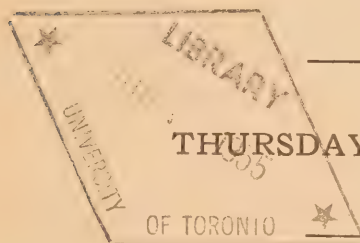
ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 12



Bill No. 3, An Act respecting the Construction, Operation and Maintenance
of International River Improvements.

Supplementary Statement of Honourable Jean Lesage, Minister of Northern
Affairs and National Resources.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

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Antonio Plouffe
Clerk of the Committee.

BILL 3.

An Act respecting the Construction, Operation and
Maintenance of International River Improvements.

(As Referred by the House on February 24, 1955)

2nd Session, 22nd Parliament, 3-4 Elizabeth II, 1955.

THE HOUSE OF COMMONS OF CANADA.

BILL 3.

An Act respecting the Construction, Operation and Maintenance of International River Improvements.

HER Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

SHORT TITLE.

Short title.

1. This Act may be cited as the *International Rivers Act*.

INTERPRETATION.

Definitions.
"International river."

"International river improvement."

2. In this Act,

(a) "international river" means water flowing from any place in Canada to any place outside Canada; and

(b) "international river improvement" means a dam, obstruction, canal, reservoir or other work the purpose or effect of which is

(i) to increase, decrease or alter the natural flow of an international river, and

(ii) to interfere with, alter or affect the actual or potential use of the international river outside Canada.

REGULATIONS.

Regulations respecting river improvements.

3. The Governor in Council may, for the purpose of developing and utilizing the water resources of Canada in the national interest, make regulations

(a) respecting the construction, operation and maintenance of international river improvements;

(b) respecting the issue, cancellation and suspension of licences for the construction, operation and maintenance of international river improvements;

(c) prescribing fees for licences issued under this Act; and

(d) excepting any international river improvements from the operation of this Act.

LICENCES.

Licences
required.

4. No person shall construct, operate or maintain an international river improvement unless he holds a valid licence therefor issued under this Act.

PENALTIES.

Offences.

5. Every person who violates this Act or any regulation is guilty of an offence and is liable 5
 (a) on conviction on indictment to a fine of five thousand dollars or to imprisonment for a term of five years, or to both fine and imprisonment; or
 (b) on summary conviction, to a fine of five hundred dollars or to imprisonment for a term of six months, or 10 to both fine and imprisonment.

Forfeiture.

6. The Governor in Council may order that any international river improvement or part thereof constructed, operated or maintained in violation of this Act or the regulations be forfeited to Her Majesty in right of Canada, 15 and any thing so forfeited may be removed, destroyed or otherwise disposed of as the Governor in Council directs; and the costs of and incidental to such removal, destruction or disposition, less any sum that may be realized from the sale or other disposition thereof, are recoverable by Her 20 Majesty in right of Canada from the owner as a debt due to the Crown.

GENERAL.

Exception.

7. This Act does not apply in respect of an international river improvement constructed under the authority of an Act of the Parliament of Canada. 25

Application
to Crown.

8. Her Majesty in right of Canada or a province is bound by this Act.

Declaration.

9. All international river improvements heretofore or hereafter constructed, and not excepted from the operation of this Act, are hereby declared to be works for the general 30 advantage of Canada.

Savings.

10. For a period of one year after the day on which this Act comes into force, sections 4, 5 and 6 do not apply in respect of international river improvements existing on that day. 35

REPORT TO HOUSE

The Standing Committee on External Affairs begs leave to present the following as its

SECOND REPORT

Your Committee has considered Bill No. 3, An Act respecting the Construction, Operation and Maintenance of International River Improvements, and has agreed to report the said Bill with amendments, namely:

Clause 1

Page 1, line 4, substitute the word "River" for "Rivers" and insert the word "Improvement" between the words "River" and "Act".

Clause 5

Page 2, lines 6, 7, 9 and 10, delete the word "of" and substitute therefor the words "not exceeding".

Clause 7

Page 2, lines 24 and 25, delete all the words after the word "improvement" and insert the following:

- (a) constructed under the authority of an Act of the Parliament of Canada,
- (b) situated within boundary waters as defined in the Treaty relating to boundary waters and questions arising between Canadian and the United States signed at Washington on the 11th day of January, 1909, or
- (c) constructed, operated or maintained solely for domestic, sanitary or irrigation purposes or other similar consumptive uses.

Clause 9—deleted

Clause 10 is renumbered *Clause 9*.

Insert new *Clause 10* as follows:

Notwithstanding anything in this Act an international river improvement shall be subject to the same laws to which it would be subject if it were a river improvement within the legislative jurisdiction of the legislature of the province in which it is situated except in so far as such provincial laws are repugnant to this Act or the regulations.

Insert new *Clause 11* as follows:

As soon as practicable after the 31st day of December of each year, the Minister of Northern Affairs and National Resources shall prepare and lay before Parliament a report of the operations under this Act for that year.

A copy of the evidence taken in respect of the said Bill is appended. All of which is respectfully submitted.

L. PHILIPPE PICARD,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, May 19, 1955.
(20)

The Standing Committee on External Affairs met this day at 11.00 o'clock a.m. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Balcer, Barnett, Breton, Cannon, Cardin, Crestohl, Gauthier (*Lac-Saint-Jean*), Green, Henry, Herridge, Jones, Low, Lusby, MacKenzie, McMillan, Montgomery, Patterson, Pearkes, Stick.—(20).

In attendance: *From the Department of Northern Affairs and National Resources:* Honourable Jean Lesage, Minister; Mr. Maurice Lamontagne, Assistant Deputy Minister; and Mr. T. M. Patterson, Chief, Engineering and Water Resources Division.

From the International Joint Commission: Mr. J. L. MacCallum, Legal Adviser; and Mr. A. D. Chance, Assistant Secretary.

From the Department of External Affairs: Mr. O. W. Dier, American Division, United States Section.

The Committee considered clause by clause Bill No. 3, An Act respecting the Construction, Operation and Maintenance of International River Improvements.

On Clause 1: By unanimous consent, Honourable Jean Lesage tabled copies of a talk which he delivered in Vancouver on Monday, May 16. They were distributed. He then proceeded to read a supplementary statement following Mr. Bonner's proposals made to the committee. He said that he would accept the deletion of Clause 9 of the Bill. He also suggested an alternative new Clause 11 as follows:

Notwithstanding anything in this Act an international river improvement shall be subject to the same laws to which it would be subject if it were a river improvement within the legislative jurisdiction of the legislature of the province in which it is situated except in so far as such provincial laws are repugnant to this Act or the regulations.

At this stage, Messrs. Green and Herridge congratulated the Minister for the manner with which he approached the whole question raised in Bill No. 3.

Mr. Low suggested delaying the passage of this Bill by the Committee until such time as the Province of British Columbia had been made aware of the proposals just made. In this respect, it was agreed, at the suggestion of Mr. Barnett, to send to the members of the Committee comments which the Province of British Columbia might see fit to forward to the Committee.

On motion of Mr. Stick—

Resolved,—That the Short Title be amended by substituting the word "River" for the word "Rivers" and by inserting the word "Improvements" between the words "River" and "Act".

Clause 1 as amended was adopted.

Clauses 2, 3 and 4 were adopted.

On Clause 5:

On motion of Mr. Herridge—

Resolved,—That the words “of” in lines 6, 7, 8, 9 and 10 of page 2, be deleted and the words “not exceeding” substituted therefor.

Clause 5 as amended was adopted.

Clause 6 was adopted.

On Clause 7:

On motion of Mr. Crestohl—

Resolved,—That all the words after the word “improvement” in lines 24 and 25 of page 2 be deleted and the following paragraph inserted:

- (a) constructed under the authority of an Act of the Parliament of Canada,
- (b) situated within boundary waters as defined in the Treaty relating to boundary waters and questions arising between Canada and the United States signed at Washington on the 11th day of January, 1909, or
- (c) constructed, operated or maintained solely for domestic, sanitary or irrigation purposes or other similar consumptive uses.

Clause 7 as amended was adopted.

Clause 8 was adopted.

On Clause 9:

On motion of Mr. Cannon, seconded by Mr. Low—

Resolved,—That Clause 9 be deleted.

Clause 10 was renumbered 9.

New Clause 10:

On motion of Mr. Cardin—

Resolved,—That the following new Clause 10 be inserted:

Notwithstanding anything in this Act an international river improvement shall be subject to the same laws to which it would be subject if it were a river improvement within the legislative jurisdiction of the legislature of the province in which it is situated except in so far as such provincial laws are repugnant to this Act or the regulations.

New Clause 11:

On motion of Mr. Herridge—

Resolved,—That the following new Clause 11 be inserted:

As soon as practicable after the 31st day of December of each year, the Minister of Northern Affairs and National Resources shall prepare and lay before Parliament a report of the operations under this Act for that year.

The Short Title as amended was adopted.

The Chairman was ordered to report the said Bill with amendments.

Mr. Low, on behalf of Mr. Patterson and himself, said they both abstained from voting on the passage of the Bill in the absence of statements from the province of British Columbia and they reserved their rights to take a stand on the Bill in Committee of the whole.

The Honourable the Minister conveyed his appreciation through the Chairman to all the members of the Committee for their suggestions and their co-operation. He felt that the Bill as approved would be to the greatest advantage of Canada as a whole.

The Chairman in turn thanked the Minister for the information he had placed before the Committee throughout the proceedings. He also expressed his gratitude to the members of the Committee.

At 12.20 o'clock p.m., having concluded its study of Bill No. 3, the Committee adjourned to the call of the Chair at which time it will examine the estimates of the Department of External Affairs referred to it on April 21.

Antonio Plouffe,
Clerk of the Committee.

EVIDENCE

THURSDAY, May 19, 1955.
11:00 a.m.

The CHAIRMAN: Order, gentlemen. We have with us this morning the Minister of Northern Affairs and National Resources, the Hon. Mr. Lesage. I understand he has a statement to make, so I shall now give him the floor.

Hon. Mr. LESAGE: Thank you, Mr. Chairman.

Mr. Chairman, and gentlemen: during the discussion in the House on the estimates of the department last Friday, Mr. Green asked one or two questions about government policy on the international aspects of water power development. I thought that I might distribute to the members of the committee the text of the speech which I made in Vancouver on Monday last, in the course of which I stated, on behalf of the government, what the policy of the Canadian government was. I thought that the members of the committee might wish to have copies of that talk.

Now, I intend this morning to make a statement following the proposals made by the Hon. Mr. Bonner, the Attorney General of British Columbia. Copies of this statement are also available so I now ask the clerk of the committee to have distributed to the members of the committee copies of my Vancouver speech and of the statement which I am going to give in a moment.

Well, Mr. Chairman and gentlemen: in his supplementary statement made before the committee on April 29, 1955, the Hon. R. W. Bonner, the Attorney General of British Columbia, raised several points in relation to Bill No. 3. I told the committee at the time that I would submit these suggestions to the Canadian government and that I would be prepared at a later stage to state before the committee the views of the government on these proposals. I am now in a position to make such a statement.

Mr. Bonner's first proposal is to "hold up the passage of this bill or withdraw it entirely, pending an approach to provinces affected as was done with the Transport Bill a year ago and cooperatively arrive at a modus vivendi which will be mutually agreeable".

The Canadian government cannot accept this proposal. The government is of the opinion that international river improvements as defined in the bill come under federal jurisdiction according to our constitution, that it is now in the national interest to exercise this jurisdiction as contemplated in the bill and that the only way of exercising such jurisdiction is to ask parliament to pass an Act. The reference to what was done with the Transport Bill does not seem in our opinion to be relevant. The members of the committee undoubtedly remember that in that case the Judicial Committee of the Privy Council had decided that the regulation of interprovincial highway traffic was under federal jurisdiction. It then seemed desirable to work out some practical sharing of responsibility in that regard with the provincial governments. In order to do so it was necessary, of course, to consult the provinces. The case of Bill 3 is completely different: the Canadian parliament is merely asked to exercise its own jurisdiction.

Mr. Bonner's alternative proposal is "to remove from the proposed bill its application to existing improvements, the declaration contained in Clause 9

and further to amend this bill to provide that it become immediately effective in any province upon proclamation of the Governor in Council". I will comment on each of these three suggestions separately.

The first proposal is to except all existing improvements from the operation of the bill. Before considering this proposition, it is useful to recall the exceptions which are already provided in the bill. Exemption by definition or by specific exclusion is made for works which

1. do not "increase, decrease or alter the natural flow of an international river";

2. do not "interfere with, alter or affect the actual or potential use of the international river outside Canada";

3. are "constructed under the authority of an Act of the parliament of Canada";

4. are "situated within boundary waters";

5. are "constructed, operated or maintained solely for domestic, sanitary or irrigation purposes or other similar consumptive uses".

There might be some works not covered by those provisions and which are only indirectly related to the main purpose of the proposed legislation. In a bill of such general character, it is impossible to foresee each specific case and to adjust the exclusion provisions accordingly. That is why Bill No. 3 enables the Governor in Council to make exceptions by regulation.

With all these provisions there will be very few existing river improvements that will not be excluded or exempted under the new legislation. To get some idea of what works there may be that are of a character that would be covered, I have asked the officials of my department to examine the situation in British Columbia. They report to me that in that province there are only two existing works for which it appears that licences may be required. These are the Corra Linn dam of the Consolidated Mining and Smelting Company which creates storage in Kootenay lake and a dam of the British Columbia Power Commission creating storage on Whatshan lake. It has not been possible, thus far, to have a complete survey in other parts of Canada, but the number of existing establishments that will be affected by the new legislation is clearly very small.

In the circumstances it seems apparent that there is no serious argument in favour of an exclusion of existing improvements from the operation of the legislation.

There is, on the other hand, a good reason why such works should be subject to the licensing provision. Licences are important to ensure that continued operation and maintenance of all work is in accordance with the national interest. If the works are excluded and are not subject to licences, it will be impossible at some future time to know whether their continued operation is or is not in accordance with the principles that have been laid down. Moreover, great difficulty will be created if at some future time it is desired to make changes or modifications in the works. It will be difficult to know at what point such changes or modifications are of such a character as to make the work a new one that is to be subject to licensing.

After most careful consideration my colleagues and I are of the view that the government cannot agree to exclude existing works from the bill. So far as I am aware, however, there is no existing work, whose operation and maintenance either are not now or cannot readily be brought within the principles that have been outlined before the committee.

Much of the attention in the brief submitted by the government of British Columbia was directed at clause 9 of the bill.

Inclusion of clause 9 has caused concern to the government of British Columbia for three alleged reasons:

(1) They regard this as an indication that what is being done is to remove something that is provincial in character from the provincial field and to transfer it to the federal field.

(2) The British Columbia government considers that clause 9 causes a wide range of provincial law to become inapplicable—and that the proposed clause 11 does not remedy this defect.

(3) The British Columbia government fears that, while the immediate effects of Bill No. 3 may be limited, it gives a power, because of clause 9, to go very much further—and to do so by order in council under clause 3.

All of these areas of concern of the British Columbia government stem from the declaration in clause 9—that is, from the use of section 92(10)(c) of the B.N.A. Act. As a result of this, Mr. Bonner appealed for removal of “the declaration contained in clause 9”.

I wish to make clear first of all that I do not feel that the fears of the government of British Columbia are well founded. To deal with them in order:

(1) Whatever the effect of using section 92(10)(c) might be in certain circumstances, I do not think that, in this case, its use has “clothed” parliament with any new jurisdiction. I do think that all necessary powers reside in parliament now—by virtue of the ordinary provisions of the B.N.A. Act.

(2) I do not think that the legislation, as it stands, would have the devastating effect on provincial legislation that the brief suggests. Clause 11 was designed specifically to ensure that this would not happen.

(3) I do not think clause 3 of the bill would give to the governor in council anything approaching the powers that are suggested. The powers are set forth with precision. It could not possibly extend to unenumerated matters because no general power is given.

However, while I—and I speak for my colleagues as well—do not agree that the fears of the government of British Columbia are well founded, nevertheless we do accept them as their genuine view as to what the implications, effect and possible consequence of clause 9 are.

I wish to say at once that none of these dire or extreme effects were or are intended or desired. The government of Canada does not wish to remove any matter from the provincial to the federal field and cause widespread invalidation of provincial law; nor does it wish to create great new powers for the governor in council other than those directly required for the administration of this bill. What the government of Canada wishes is purely and simply a licensing act for a very definite and restricted type of works than can affect national interest.

It is unfortunate that clause 9 has caused so much misunderstanding with regard to the scope and character of the bill because clause 9 is not essential to the validity of the bill. The bill really has two foundations, as was made clear by Mr. Varcoe in his evidence before the committee on March 16. He said:

One should bear in mind in this connection, I think, that there is a double-barrelled aspect to this bill. In the first place you have the definition which limits the application of the bill to those works which interfere with the flow of water over the boundary. As I indicated earlier in my evidence it has been my view from the beginning that

that kind of work would be outside the jurisdiction of the legislature of the province because such a work would affect civil rights, property rights, and so on, outside the province in question. That is one of the basic concepts from a constitutional point of view behind this bill. Then, on the other hand, we make this clause 9, the declaration contained there, and we say now we will give it that basis too for greater certainty.

I dealt with this matter myself in speaking about the constitutional basis of the bill in the House of Commons on February 10. After referring to section 92(10)(c) of the British North America Act and its application in clause 9 I referred, as Mr. Varcoe did, to the other constitutional basis the bill has. I pointed out that "the works involved in the legislation and the purpose toward which the legislation is directed are by their very nature outside of provincial jurisdiction".

In brief, as indicated by Mr. Varcoe, the present bill, as it stands, has two constitutional bases:

- (a) The subject matter is by its very nature federal. It is a federal field since the works covered are works that have effects outside a province.
- (b) The bill has for greater clarification—but not out of any desire to add new powers or to invade a field that was not already federal, the second basis provided in clause 9 by the declaration under section 92(10)(c).

It is this second basis that has caused the perturbation of the British Columbia government. While in one respect it may have provided clarification, in another, clause 9 has clearly created misunderstanding. In view of this, after careful consideration with law officers of the Crown and with my colleagues of the cabinet, it has been decided that clause 9 should be deleted from the bill. I will be ready to accept an amendment accordingly.

This change should meet most of the difficulties to which Mr. Bonner referred and which I have outlined. There can now be no question of invasion of a provincial field. There can be no invalidation of provincial legislation unless it purported to apply to a matter that is clearly federal. There can be no question of extraordinary and undefined powers being given to the governor in council.

It is most important that there should be close cooperation between federal and provincial governments in a matter of so great national importance as development of our water resources. I hope this decision by the federal government may be taken as evidence that we have no desire to invade a provincial field or to interfere with provincial control where matters are genuinely provincial.

Matters to which the bill relates are matters of national consequence and fall within the federal field. The full advantage to the nation will, however, depend on continuous friendly cooperation between federal and provincial governments. I hope this gesture will help to achieve it.

Mr. Bonner's last suggestion is to provide that the bill "become immediately effective in any province upon proclamation of the governor-in-council, thus giving to the government of Canada in effect a veto power". The members of the committee will realize that this proposal, if implemented, would create an undesirable situation both for the Canadian government and for the provinces. Moreover, it suggests that the bill will be useful only to prevent the provinces from doing certain things. We are of the opinion that one of the

main purposes of this legislation is to enable the Canadian government to cooperate with the provinces in order that they obtain the most benefits from the development of water resources.

Now, Mr. Chairman and gentlemen, I have one other point, a very brief point, to mention. The Deputy Minister of Justice, Mr. Varcoe, has submitted to me an alternative wording for what is now clause 11 in the office consolidation of the bill. It will be remembered that this clause 11 was submitted by me. It is not in the bill which was before the House of Commons.

Mr. Low: Will this be found among the departmental working papers?

Hon. Mr. LESAGE: I shall give the members of the committee two alternative wordings. It might be felt that the alternative which I am going to distribute now is clearer in its terms. I shall read the alternative clause 11.

11. Notwithstanding anything in this Act an international river improvement shall be subject to the same laws to which it would be subject if it were a river improvement within the legislative jurisdiction of the legislature of the province in which it is situated except in so far as such provincial laws are repugnant to this Act or the regulations.

The CHAIRMAN: Have any members of the committee any questions to ask the minister? Because after this morning I imagine that we shall be getting into the bill itself, or maybe I shall call the bill clause by clause so as to give a chance to every member to express his views on it. But before we proceed, I wondered if there are any questions you wish to ask the minister at this point.

Mr. JONES: Has the government of British Columbia possession of this document now?

Hon. Mr. LESAGE: I am sending it this morning.

Mr. JONES: You will probably receive a reply.

Hon. Mr. LESAGE: I am not asking for any reply.

Mr. JONES: Not for a reaction?

Hon. Mr. LESAGE: I would be anxious to know what their reaction is.

Mr. Low: When you were in British Columbia did you have a chance to talk to any of the officials?

Hon. Mr. LESAGE: I met Mr. Bonner on my way west and we talked together; but since I had not discussed the matter with my colleagues at the time, I did not have a chance to tell him what was in their minds. I talked to Mr. Sommers when I was in Victoria about the Fraser River board. That was on Tuesday last and I said I was coming back on Wednesday to discuss this matter with my colleagues on Thursday, which was last Thursday.

Mr. CRESTOHL: Is there any basic difference in the original clause 11 which you proposed and the new wording which you submit this morning, or is it just a matter of rewording?

Hon. Mr. LESAGE: It is a matter of rewording for clarification.

Mr. Low: It does seem clearer.

Hon. Mr. LESAGE: The alternative wording of clause 11 spells out exactly what Mr. Varcoe said here was the effect of clause 11. We thought that the members of the committee might prefer this new wording.

Mr. GREEN: I really have not any questions to ask the minister, but would you bear with me for a minute, Mr. Chairman?

The CHAIRMAN: I do not want to interrupt, but if we are going to discuss the bill, would you mind if I started calling the clauses, and opened a general discussion on the first clause? We have the minister with us and he will stay

with us, with your consent, while we are discussing the bill, since the meeting is open anyway. But at the moment, if you require any clarification on this brief, or on clause 11, questions would be in order. Since there does not seem to be any member to ask questions, I suggest we consider Bill 3 as referred by the House. The reprint is to be found in the departmental working papers, and they may serve as a help. There are different amendments which the minister stated he would accept; but in order to proceed in a legal way, we would have to deal with the bill as referred to us by the House, and which had its first reading on January 10.

Since there are no more questions directed to the minister I shall call the original bill and open the discussion. Then a statement of the position by any member would be in order, and any members can voice their views.

I now call clause 1, the "Short Title."

BILL 3.

An Act respecting the Construction, Operation and Maintenance of International River Improvements.

HER Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

SHORT TITLE

1. This Act may be cited as the *International Rivers Act*.

Mr. Green has the floor.

Mr. GREEN: Mr. Chairman, I think that our own minister along with the Attorney General of British Columbia deserve a word of thanks from this committee for making the proposals to settle this difficulty which appear to have been effective. The attorney general gave us his views on April 29 of what could be done to meet the objections of that province. Today our Minister of Northern Affairs and National Resources has gone quite a long way to meet the suggestions made by the attorney general. While we may think there are further improvements to be made, personally I do appreciate the way in which both these honourable gentlemen have dealt with this question which has been very difficult in British Columbia and very controversial. There have been a great many provocative statements made on both sides but I think we are now approaching the position where it is possible for an agreement to be reached.

The paragraphs in the minister's statement which particularly appealed to me were these:

It is most important that there should be close co-operation between federal and provincial governments in a matter of so great national importance as development of our water resources. I hope this decision by the federal government may be taken as evidence that we have no desire to invade a provincial field or to interfere with provincial control where matters are genuinely provincial.

Matters to which the Bill relates are matters of national consequence and fall within the federal field. The full advantage to the nation will, however, depend on continuous friendly co-operation between federal and provincial governments. I hope this gesture will help to achieve it.

I think it is very true to say that this is only the beginning and that there are many, many problems to be worked out before the Columbia River system has been fully developed. I hope that a start can now be made on

co-operation with respect to the actual work. It will mean a great deal to British Columbia if that can be done and will set an example for similar developments in other parts of Canada.

The dominion may have to put up quite a lot of money yet before this project is completed, but we can talk to the government about that at a later stage. I do think that the Minister of Northern Affairs and National Resources should be given credit for coming here today and making conciliatory statement of the type he has made.

Mr. HERRIDGE: On behalf of my colleagues I wish to support Mr. Green's remarks and to congratulate the minister on the way he has approached this difficult question.

When the British Columbia government raised certain matters and made suggestions, the minister had the matter fully studied and suggested an amendment to the committee which would meet their fears and their suggestions; and I think, Mr. Chairman, that the amendments suggested this morning to the committee as proposed by the minister indicate a spirit of desiring to do the best for Canada as a whole to meet the fears of any province which may think their interests would be affected.

Like Mr. Green, I sincerely hope that the minister's approach to this whole problem is a good omen for the future and will indicate developing co-operation between the provincial and the federal governments towards the final development of this great river which means a great deal, without doubt, to the national interests.

Mr. Low: May I say at the outset that the minister has done what I sincerely hoped he would do, and I congratulate him for bringing in the proposal for a change this morning, that is, to place before the House a bill based on the ordinary sections of the British North America Act rather than upon section 92(10)(c).

I know how jealously the provinces regard their rights. Any time that section 92(10)(c) is invoked, it creates widespread apprehension and is certainly open to a great many misunderstandings. I can well understand how the provinces would feel. Consequently I was very happy this morning to have the minister make the declaration he did in the statement which is now before us, that he is prepared to accept a motion to withdraw or to remove clause 9 from the bill which in fact makes the bill one based on the ordinary provisions of the British North America Act, which I think is the proper attitude and the proper way to approach it.

I sincerely congratulate the minister. I have felt, as have those who have already spoken have felt, that the only way for a province to realize full development of the resources within it is to have a widespread measure of co-operation with the federal government and I am hopeful that the minister's declaration in the final paragraph particularly can be fully realized, and that there may be worked out a full measure of co-operation between this government and the government of British Columbia as well as any other province which might be affected.

We in Alberta have known what it means to have co-operation with the federal government in developing our water resources, and I congratulate this government on what has been done to help Alberta to develop its resources. We have had tremendous development there, and we are anxious to see that kind of thing extended to other provinces, otherwise we will never get the developments which should come about.

But I am not at all certain about how the government of British Columbia will look upon it. I cannot speak for them. I have never been authorized to do so at any time and I do not assume that right now. But I wonder if the minister would be prepared to delay perhaps the final passage of the bill through

the committee until it has received some reaction from British Columbia, just in case there may be some further proposal, either in respect to the rewording of clause 11 or the action which it is proposed to take, and then, having their views before us, we could take final action as a committee. I do not know whether that would be possible, but I think it would be desirable if it could be worked out. Within a matter of a day or two I am sure the full views of the province of British Columbia could be obtained with respect to the proposals which have been made this morning. I can only say that I hope that may be done.

Hon. Mr. LESAGE: Mr. Low, I understood from the chairman of the committee that the minister, the Hon. Mr. Pearson, is very, very anxious to go on with his estimates early next week.

The CHAIRMAN: Yes.

Hon. Mr. LESAGE: This bill is going to go to the committee of the whole House where it will be studied again clause by clause. I am sure it won't come before the House next week. So when we reach the stage of the committee of the whole in the House, we will certainly have by then the reaction of the government of British Columbia.

Mr. Low: I would think so. My only point in mentioning the matter this morning was that I personally—and my colleague Mr. Patterson feels the same way—would like to be able to put our approval on the bill as it is finally amended here rather than to be put in a position where we would have to say that we would have to reserve our approval until we got into the committee of the whole, because sometimes when we do get back into the House in the committee of the whole and raise objections, someone is always asking: "Why didn't you raise those objections in the committee?", and we would not like to be put in that position.

Hon. Mr. LESAGE: I am sure you would not be put in that position after the actual discussion we have just had.

The CHAIRMAN: In past years we have had at least sixteen meetings on the External Affairs estimates. We have not even started with them yet, and the minister is anxious to get our report on his estimates so that he can afterward deal with them in the House. I am not suggesting that there will, but there might, be other international meetings which might demand his going out of the country for a few days. We are already in the middle of May and we usually start on External Affairs estimates in March or April. We have already had numerous meetings on this bill and we thought that if we could get to an agreement on this bill today we could report it to the House.

As the minister stated, it is the privilege of any member in the committee of the whole House—maybe not to reopen the whole discussion which has taken us nineteen meetings—who may feel that he has something more to say, to do so in the House. So I propose to ask if any member of the committee has any general remarks to make on these clauses, and then I shall suggest the amendments which have been accepted by the minister and ask for somebody to propose them, and if that carries, then to carry on with approval of the bill.

Are there any other remarks of a general nature before I come actually to each item of the bill?

Mr. BARNETT: The only point which occurs to me, Mr. Chairman, is in connection with the proposal which is being discussed, to keep to the procedure you are suggesting and I wonder what means would be available for the members of the committee to receive any communication which might be sent to the committee from the British Columbia government with respect to this matter? Could it be arranged, if a communication is received addressed to the committee

from the government of British Columbia, that copies of it would then be distributed to the members of the committee before the bill comes up in the House?

The CHAIRMAN: That would be quite acceptable. Of course we must understand that such communication might not come back before this committee when the bill has been approved, but it could be distributed to each member of this committee so that they might have it when the bill is before the House.

Mr. BARNETT: Yes. In other words, we can be informed before the matter is dealt with in the committee of the whole.

The CHAIRMAN: If any communication is received from the government of British Columbia, before the bill is before the committee of the whole, you will have a copy.

This committee, as you know, has been slightly altered in personnel. Eight or nine members have been brought into the committee especially for this bill. Their places are jealously eyed by the regular members who would like to resume their places on the committee. But the copies would be sent to the actual members of the committee, if they are received, when the bill comes before the committee of the whole.

Mr. BARNETT: Naturally, being one of the members of the committee in the position to which you have referred, I had in mind the committee as presently constituted.

The CHAIRMAN: You will get copies.

Mr. PEARKES: Mr. Chairman I feel sure that you and the other members of the original committee will appreciate the very valuable assistance which has been given by those members who have been brought in especially for consideration of this bill.

The CHAIRMAN: Decidedly so, and for one good reason above any others, besides their good judgment and intellect, they knew what the witnesses were talking about because they knew exactly the locale of these improvements, the geography and the economics of the province probably better than some of us who have not had the privilege of living there for any great length of time.

If there are no general observations, I suggest that I call the clauses. In one or two cases the minister stated he would accept an amendment in the short title. As it is it reads:

This Act may be cited as the International Rivers Act.

It is proposed that the new short Title which would be acceptable would make the clause read as follows:

This Act may be cited as the *International River Improvements Act*.

Mr. STICK: I move the adoption of that amendment.

The CHAIRMAN: Mr. Stick moves the amendment. Shall the amendment carry?

Carried.

Shall the clause as amended, clause 1, carry?

Carried.

Now, clause 2, "Interpretation".

INTERPRETATION.

2. In this Act,

- (a) "international river" means water flowing from any place in Canada to any place outside Canada; and

- (b) "international river improvement" means a dam, obstruction, canal, reservoir or other work the purpose or effect of which is
 - (i) to increase, decrease or alter the natural flow of an international river, and
 - (ii) to interfere with, alter or affect the actual or potential use of the international river outside Canada.

Mr. McMILLAN: Would the Niagara river or the Detroit river be an international river under that interpretation?

Hon. Mr. LESAGE: The Detroit river is a boundary water and so is the Niagara river; they are excluded by the definition under the Treaty of 1909.

The CHAIRMAN: Shall clause 2 carry?

Carried.

Clause 3.

REGULATIONS.

3. The Governor in Council may, for the purpose of developing and utilizing the water resources of Canada in the national interest, make regulations

- (a) respecting the construction, operation and maintenance of international river improvements;
- (b) respecting the issue, cancellation and suspension of licences for the construction, operation and maintenance of international river improvements;
- (c) prescribing fees for licences issued under this Act; and
- (d) excepting any international river improvements from the operation of this Act.

The minister suggested that in clause 3, paragraph (d), there be an amendment to read as follows:

"insert in line 26 before the words 'this Act' the words, 'sections 4, 5 and 6'."

The new amendment if proposed and accepted would read:

- (d) excepting any international river improvements from the operations of sections 4, 5 and 6 of this Act.

Mr. McMILLAN: I move the adoption of the amendment.

The CHAIRMAN: It has been moved by Mr. McMillan that the amendment be adopted. Shall the amendment carry?

Mr. BARNETT: It is quite some time since this amendment was originally suggested. I wonder if our minds could be refreshed briefly on what was the purpose of introducing this amendment at that time.

Hon. Mr. LESAGE: I am just looking at it this morning and I do not believe it is important, since I would consent to the deletion of clause 9.

Mr. BARNETT: I asked the question because I had some vague recollection.

Hon. Mr. LESAGE: It was in order that clause 9 should apply even if the works were excepted by regulation. I can drop it, I believe, because it is of no more importance.

Mr. CRESTOHL: I see no purpose in the amendment because by the insertion of the proposed amendment "sections 4, 5 and 6" it would make it more limitative; but if you simply say: "from the operation of this Act", that would include 4, 5 and 6.

Hon. Mr. LESAGE: If clause 9 was there, it would make a difference, but without clause 9, it does not make any difference, and I do not believe we need the amendment.

Mr. Low: It was on the basis of the difficulty between clauses 9 and 3 that the amendment was introduced.

Hon. Mr. LESAGE: That is right.

Mr. Low: Mr. Chairman, I hope that I shall have the privilege of moving that clause 9 be deleted, then this amendment would not be necessary.

The CHAIRMAN: Shall clause 3 stand? We do not know if clause 9 will be deleted.

Clause 3 stands.

Clause 4 "Licences required". Shall clause 4 carry?

Carried.

Clause 5.

PENALTIES.

5. Every person who violates this Act or any regulation is guilty of an offence and is liable

(a) on conviction on indictment to a fine of five thousand dollars or to imprisonment for a term of five years, or to both fine and imprisonment; or

(b) on summary conviction, to a fine of five hundred dollars or to imprisonment for a term of six months, or to both fine and imprisonment.

The minister stated that he would accept an amendment which would read as follows:

Clause 5, paragraphs (a) and (b): delete the word "of" in lines 6, 7, 9 and 10 thereof and substitute therefor the words "not exceeding".

Mr. HERRIDGE: I move the amendment, Mr. Chairman.

The CHAIRMAN: Mr. Herredge moves that clause 5 be amended so as to read:

5. Every person who violates this Act or any regulation is guilty of an offence and is liable

(a) on conviction on indictment to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding five years, or to both fine and imprisonment; or

(b) on summary conviction, to a fine not exceeding five hundred dollars or to imprisonment for a term not exceeding six months, or to both fine and imprisonment.

Shall the amendment carry?

Carried.

Shall clause 5 as amended carry?

Carried.

Clause 6 "Forfeiture".

Forfeiture.

6. The Governor in Council may order that any international river improvement or part thereof constructed, operated or maintained in violation of this Act or the regulations be forfeited to Her Majesty in right of Canada, and any thing so forfeited may be

removed, destroyed or otherwise disposed of as the Governor in Council directs; and the costs of and incidental to such removal, destruction or disposition, less any sum that may be realized from the sale or other disposition thereof, are recoverable by Her Majesty in right of Canada from the owner as a debt due to the Crown.

Shall clause 6 carry?

Carried.

Clause 7.

7. This Act does not apply in respect of an international river improvement constructed under the authority of an Act of the Parliament of Canada.

The minister suggested that he would accept an amendment which would make this clause now read as follows:

7. This Act does not apply in respect of an international river improvement

- (a) constructed under the authority of an Act of the Parliament of Canada,
- (b) situated within boundary waters as defined in the Treaty relating to boundary waters and questions arising between Canada and the United States signed at Washington on the 11th day of January, 1909, or
- (c) constructed, operated or maintained solely for domestic, sanitary or irrigation purposes or for other similar consumptive uses.

Mr. CRESTOHL: I move the adoption of this amendment.

The CHAIRMAN: Mr. Crestohl moves that the clause as amended be adopted.

Mr. HERRIDGE: That is more exact drafting.

The CHAIRMAN: Yes. Shall the amendment carry?

Carried.

Shall clause 7 as amended carry?

Carried.

Clause 8. "Application to Crown".

Application to crown. 8. Her Majesty in right of Canada or a province is bound by this Act.

Carried.

Clause 9 "Declaration".

Mr. LOW: Mr. Chairman, I move the deletion of clause 9.

Mr. CANNON: May we have the clause read first, Mr. Chairman?

The CHAIRMAN: Yes, I think that would be in order. Clause 9 reads as follows:

9. All international river improvements heretofore or hereafter constructed, and not excepted from the operation of this Act, are hereby declared to be works for the general advantage of Canada.

Mr. CANNON: Mr. Chairman, I move that this clause be deleted from the bill, and in doing so may I congratulate the minister and add my congratulations to those already made to the minister for the excellent work he has done

in this matter, and on the lengths to which he has gone to meet the objections raised by the attorney general of British Columbia; and may I outline, also, the fact that in this matter the federal government has shown again that its record is not one of centralizing in any way.

The CHAIRMAN: I do not want to hurt your feelings, Mr. Cannon, but before I started to read the clause, Mr. Low suggested the deletion of clause 9. So I wonder if we might leave the parentage with Mr. Low as having moved the amendment and have you as the seconder of the motion.

Mr. CANNON: I submit, Mr. Chairman, that Mr. Low was out of order in moving his amendment before the clause was read. On the other hand my motion was made after the clause was read and I suggest that my motion is in order and should be accepted.

Mr. Low: Mr. Chairman, I hope that I shall never appear "pea-sized" in mind. I shall gladly bow to my friend from down the river, and let him have the privilege of making what political remarks he likes.

The CHAIRMAN: It was my fault, gentlemen. The chairman should accept his own faults, and I accept mine. I should have been faster in reading clause 9. I would be glad to give the parentage of it to Mr. Low, who had the will and the broad-mindedness of suggesting that it be fitted into the general scheme. However, Mr. Cannon moves that clause 9 be deleted.

Mr. Low: I would be glad to second it.

Mr. CANNON: Thank you, Mr. Low.

Mr. STICK: Mr. Chairman, I think it should be recorded that it was carried unanimously.

The CHAIRMAN: Very well. Clause 9 is deleted.

Now we shall revert to clause 3 which had been left standing because we did not know if clause 9 would be deleted. Is it the wish of the committee that we leave clause 3 as it was, without amending it by including sections 4, 5 and 6? Shall clause 3 carry?

Carried.

We now come to clause 10 of the bill which will be clause 9 in the new one. Clause 10 of the bill as referred to us by the House reads as follows:

10. For a period of one year after the day on which this Act comes into force, sections 4, 5 and 6 do not apply in respect of international river improvements existing on that day.

Clause 10 would now become clause 9. Shall the clause carry?

Carried.

We now come to clause 11 which will now become clause 10.

In the original bill there was no clause 11. Clause 11 was suggested by the minister in different wording. Since this clause had never had any official sanction or was never included in the original bill, I think we should take the proposal as made to us by the minister and read it as an alternative. The first proposal was:

Notwithstanding anything contained in this Act, any law of a province which, for this Act and regulations, would be applicable to an international river improvement shall apply in the case of such international river improvement except insofar as such provincial law is repugnant to this Act or regulations.

That was the first wording of clause 11 which is now clause 10.

The new alternative which the minister suggested he would accept reads as follows:

"(11) Notwithstanding anything in this Act an international river improvement shall be subject to the same laws to which it would be subject if it were a river improvement within the legislative jurisdiction of the legislature of the province in which it is situated except in so far as such provincial laws are repugnant to this Act or the regulations."

Mr. BARNETT: I move the adoption, Mr. Chairman.

The CHAIRMAN: Mr. Barnett so moves.

Mr. CRESTOHL: May I ask if the amendment or the motion to include this would be upon the minister's recommendation?

Hon. Mr. LESAGE: No, no.

The CHAIRMAN: The minister accepts the proposal along these lines. The minister does not suggest it. He says that he and the government would accept this new clause being included in the bill.

Mr. CRESTOHL: I was under the impression that it was at the request of the minister.

The CHAIRMAN: It is a suggestion of the minister that he would accept such a proposal as made by Mr. Barnett. Shall clause 10 carry?

Carried.

Now there is clause 12 which was not in the original bill. The clause which then read as clause 12 was suggested as being acceptable to the government and it read:

As soon as practicable after the 31st day of December of each year, the Minister of Northern Affairs and National Resources shall prepare and lay before Parliament a report of the operations under this Act for that year.

That would now come in as clause 11.

Mr. HERRIDGE: I so move.

The CHAIRMAN: It is moved by Mr. Herridge. Shall the clause carry?

Carried.

Shall the bill as amended carry?

Carried.

Shall I report the bill?

Agreed.

Mr. Low: Just for the record, I would like to say on behalf of my colleague Mr. Patterson and myself at this point that we abstained from voting on the passage of the bill in its entirety pending the statement from the government of the province of British Columbia, and we reserve the right to take a stand against the bill in the committee of the whole House if we find that that is the wish of the people in British Columbia. We just want to go on record of not having voted in favour of the bill in its entirety, although we do appreciate very much the amendments which have been made, and we think they are all to the good.

The CHAIRMAN: A proposal should be made that the bill be renumbered with each of the clauses I have read.

Mr. STICK: I so move.

The CHAIRMAN: Carried. With your consent I shall consider the bill as accepted on division, and will report same to the House as amended.

Now the minister would like to say a few words.

Hon. Mr. LESAGE: Mr. Chairman, and gentlemen: it may be that I am out of order, but I wish to thank you, Mr. Chairman, and through you all the members of the committee, and to congratulate them for the excellent job that they have done. I believe this is a good example of legislation being enacted through cooperative efforts of members of parliament who are bent on a job. It is really a marvelous example of democracy at work; and in spite of opinions which are shared by various parties, we succeeded in coming to a degree of agreement which is in the best interest of Canada as a whole. That was the principle which directed all our thoughts and discussions.

Gentlemen, I thank you for your suggestions and cooperation at all times and I sincerely believe that you have accepted and approved a bill which will become an Act to the great advantage of Canada as a nation.

The CHAIRMAN: Gentlemen, I know it will meet with the approval of the members of the committee if I express our thoughts to the minister who has shown throughout this matter that he knows his business, and that he has studied the matter very carefully. He has supplied us truly, frankly, and openly with all the information that we needed, and has given answers to all the members who had any doubt in their minds. He has acted with fair play and broadmindedness throughout his approach to this bill. I am sure that all of you join with me in thanking and congratulating him for the way he has lead the bill through this committee.

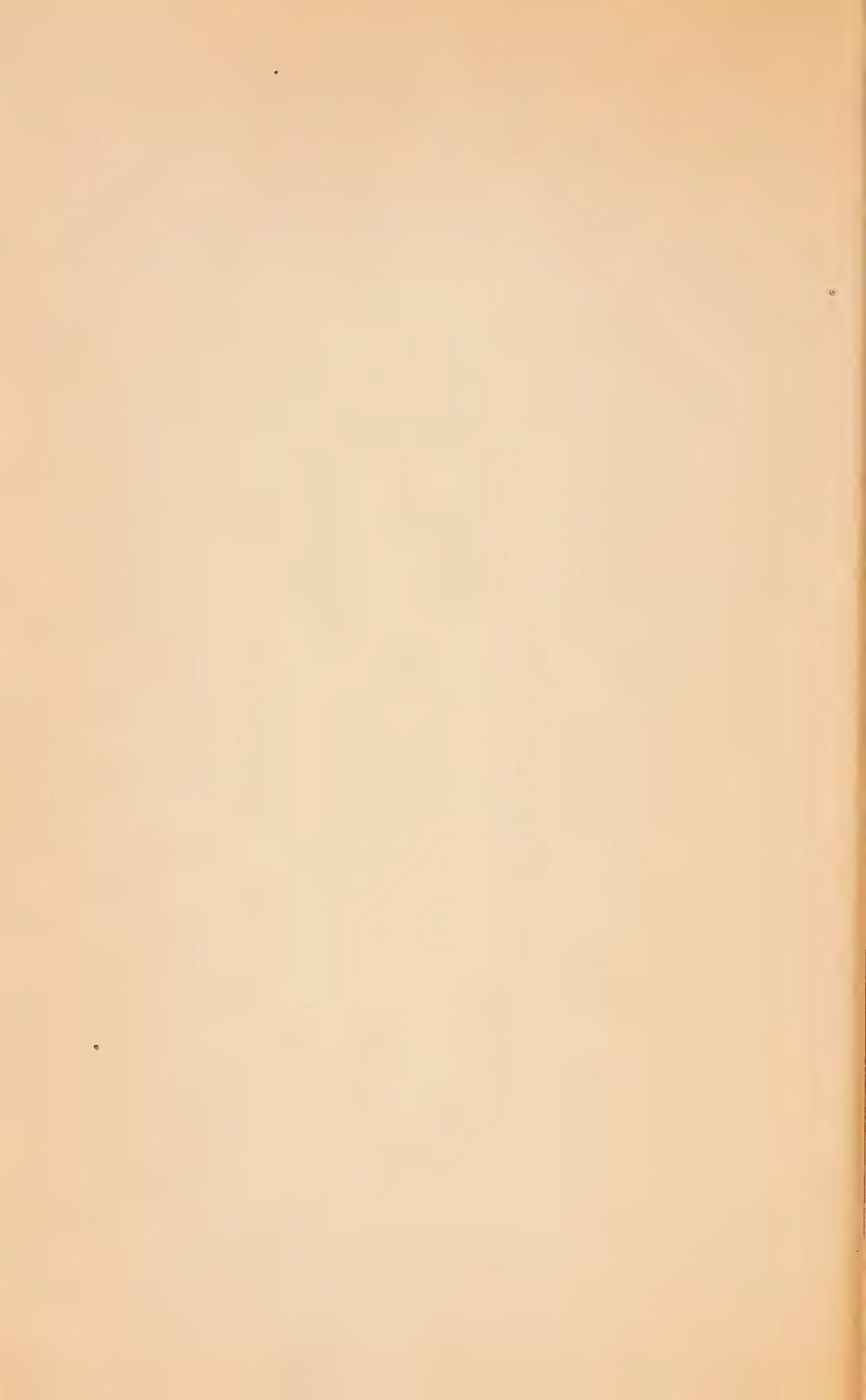
Now, may I inform this committee that as of this day all amendments to bills will appear also in the chairman's report to the House, thus they will be published in the votes and proceedings of the next day. I shall report the bill as adopted today, but in order that we may have the amendments written in proper form, it might be reported to the House only tomorrow.

I wish to thank the hon. members who have been on this committee, both those who were here permanently and those who came to help us with the study of this bill, for their cooperation and goodwill throughout our sittings, and I hope that some of them may come back or remain on the committee.

Next week, on a date which will be fixed to meet the convenience of the Secretary of State for External Affairs, the committee will take up the study of what has been referred to it by the House—that is, a study of the estimates of the Department of External Affairs; and the first two meetings will be devoted to the minister himself.

Mr. Low: There will be no meeting tonight.

The CHAIRMAN: No, there will be no other meeting this week. The committee now stands adjourned to the call of the chair and you will be duly notified.



Canada, External Affairs,
Standing Committee on 1955

Government
Publications

HOUSE OF COMMONS

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No. 13

Second Session—Twenty-second Parliament,
1955

CA/KC
E91

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 13

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1955
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TUESDAY, MAY 24, 1955
WEDNESDAY, MAY 25, 1955

MAIN ESTIMATES OF THE DEPARTMENT OF
EXTERNAL AFFAIRS
(1955-1956)

Statements by The Honourable The Secretary of State for External Affairs,
Mr. L. B. Pearson.

Appendix 1. Declaration of the Supreme Soviet of The Union of Soviet
Socialist Republic.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. Philippe Picard, Esq.,
and Messieurs

Aitken, Margaret Miss	Decore	MacEachen
Balcer	Diefenbaker	MacKenzie
Bell	Fleming	Macnaughton
Boisvert	Garland	McMillan
Breton	Gauthier (<i>Lac St. Jean</i>)	Patterson
Byrne	Henry	Pearkes
Cannon	Herridge	Richard (<i>Ottawa East</i>)
Cardin	James	Starr
Coldwell	Jutras	Stick
Crestohl	Knowles	Stuart (<i>Charlotte</i>)
Croll	Low	Studer—35.
	Lusby	

Antonio Plouffe,
Clerk of the Committee.

ORDERS OF REFERENCE

THURSDAY, April 21, 1955.

Ordered,—That items numbered 92 to 111 inclusive of the Main Estimates, 1955-56, be withdrawn from the Committee of Supply and referred to the said Committee, saving always the powers of the Committee of Supply in relation to the voting of public moneys.

Attest.

FRIDAY, May 20, 1955.

Ordered,—That the name of Mr. James be substituted for that of Mr. Henderson; and

That the name of Mr. Starr be substituted for that of Mr. Green; and
That the name of Miss Aitkins be substituted for that of Mr. Pearkes; and
That the name of Mr. Fleming be substituted for that of Mr. Fulton; and
That the name of Mr. Coldwell be substituted for that of Mr. Jones; and
That the name of Mr. Knowles be substituted for that of Mr. Barnett on the said Committee.

Attest.

MONDAY, May 23, 1955.

Ordered,—That the name of Mr. Pearkes be substituted for that of Mr. Montgomery on the said Committee.

Leon J. Raymond,
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, May 24, 1955.

The Standing Committee on External Affairs met this day at 11.00 o'clock a.m. Mr. L. Philippe Picard, Chairman, presided.

Members present: Miss Aitken and Messrs. Bell, Byrne, Cannon, Coldwell, Crestohl, Croll, Diefenbaker, Fleming, Gauthier (*Lake St. John*), Henry, Herridge, Knowles, Low, Lusby, Macnaughton, McMillan, Patterson, Pearkes, Richard (*Ottawa East*), Stick.—(22)

In attendance: The Honourable L. B. Pearson, Secretary of State for External Affairs and Messrs. Jules Léger, Under-Secretary, R. M. Macdonnell, Assistant Under-Secretary, and Mr. A. S. McGill, Executive Assistant.

The Chairman read the Order of Reference dated April 21st referring to the Committee Items 92 to 111 inclusive of the Main Estimates 1955-1956.

The Chairman mentioned that he had forwarded a telegram to Dr. H. L. Keenleyside in New York in respect of his suggested appearance before the Committee on Friday May 27th. He referred to correspondence exchanged between the President of the International Law Association, Canadian Section, Mr. Cohen, and himself dated April 26, with reference to the proposed revision of the United Nations Charter.

Dr. Keenleyside's answer having arrived, the Chairman read his telegram accepting to appear on Friday, May 27.

The Honourable Mr. Pearson said that he was happy to appear again before the Committee. He proceeded to make a statement expressing his views on the following:

1. The international situation in general, particularly in regard to USSR new attitude on foreign policy.
2. The Far-East.
3. The Middle-East.
4. The NATO meeting held recently in Paris.
5. The proposed United Nations Tenth Anniversary meeting to be held shortly in San Francisco.

In the course of the questioning which followed, The Secretary of State for External Affairs commented on the unification of Germany, Austria and on the revision of the United Nations Charter. The Minister paid tribute to the Canadian Armed Services who served on the International Supervisory Commission in Indo-China and who enjoy a wonderful reputation.

At 12.55 o'clock p.m., Mr. Pearson's questioning still continuing the Committee adjourned until Wednesday, May 25th at 3.30 o'clock p.m.

WEDNESDAY, May 25, 1955.

The Standing Committee on External Affairs met at 3.30 o'clock p.m. The Chairman, Mr. L. Philippe Picard, presided.

Members present: Aitken (Miss) and Messrs. Balcer, Bell, Boisvert, Breton, Cannon, Cardin, Coldwell, Crestohl, Croll, Diefenbaker, Fleming, Knowles, Low, Lusby, MacEachen, Macnaughton, McMillan, Patterson, Pearkes, Richard (*Ottawa East*), Starr, and Stuart (*Charlotte*)—(24).

In attendance: The Honourable L. B. Pearson, Secretary of State for External Affairs, Mr. Jules Léger, Under-Secretary, Mr. R. M. Macdonnell, Assistant Under-Secretary, and Mr. A. S. McGill, Executive Assistant.

The Committee resumed its study of the Main Estimates for 1955-56 of the Department of External Affairs.

The Honourable The Secretary of State for External Affairs, in answer to a question of Mr. Diefenbaker, quoted from and tabled a copy of the Declaration (invitation to parliamentarians to visit Moscow) of the Supreme Soviet of the USSR.

Ordered,—That the above Declaration be printed as an appendix. (*See Appendix 1*).

The Minister referred to the situation in the Arab and Israel States. He was further questioned.

Mr. Pearson commented on the work of the subcommittee of the Disarmament Commission, particularly on the USSR proposal on the reduction of armaments, the prohibition of atomic weapons and the elimination of the threat of a new war dated May 10, 1955. The Minister undertook to make available to the members of the Committee copies of this proposal.

His statements on the United Nations Relief and Works Agency for Palestine and on the freedom of movement into Indo-China were deferred to Thursday's meeting.

With the respect to the Annual Summary of Estimates 1955-56 prepared for the Committee, Mr. Fleming suggested, and it was agreed, that an advance distribution be made to the members of the Committee.

At 5.00 o'clock p.m., the Minister's examination still continuing, the Committee adjourned until Thursday, May 26, at 3.30 o'clock p.m.

Antonio Plouffe,
Clerk of the Committee.

EVIDENCE

May 24, 1955.

The CHAIRMAN: Gentlemen the meeting is open. We are assembled now to consider our second order of business referred to us by the House on April 21 which reads as follows:

That items numbered 92 to 111 inclusive of the main estimated 1955-1956 be withdrawn from the committee of supply and referred to the said committee, saving always the powers of the committee of supply in relation to the voting of public moneys.

We have with us this morning the Secretary of State for External Affairs, Mr. Pearson, but before giving him the floor I would like to deal with one other matter. I should like to notify Mr. Coldwell who made a motion much earlier this session and who has written me lately about having Dr. Keenleyside appear before us during the last two days of this week as a witness that I sent a telegram to Mr. Keenleyside inviting him to appear but I have not yet received his answer. That was the only motion, but I also had a letter which I have been asked to put before the committee from the President of the International Law Society asking whether the committee would have the time this year to consider a review of the United Nations Charter. Since we have spent at least 20 meetings of your committee this year already—we usually have 18 in all—in consideration of Bill No. 3 and since we are embarking now on a study of the estimates in the last stages of this session, I have taken it upon myself to answer the chairman of the International Law Society to the effect that after we have dealt with this order of business maybe we could find time to do so, but that I doubted whether it would be possible this year.

With that the field is clear for us to embark on a study of the estimates proper, as in past years. I would appreciate it if the Secretary of State for External Affairs would now say a few words to the committee.

Mr. STICK: Before you go on, Mr. Chairman—you mentioned that several witnesses were coming here. What are they coming for?

The CHAIRMAN: I did not mention "many witnesses". I said Dr. Keenleyside who is the Director General of the United Nations Technical Assistance Administration had been invited, together with Mr. Cavell who is here in Ottawa and is Director of the Colombo Plan. So we both would be here for Friday.

I see that just as I was speaking an answer came by messenger. I will read it to the committee.

To the Secretary, Standing Committee of External Affairs,
House of Commons,
Ottawa.

With the approval of the Secretary General I am very glad to accept the invitation to appear before the committee at eleven a.m. on Friday the twenty seventh of May. Procedure suggested entirely satisfactory to me.

H. L. KEENLEYSIDE,
United Nations.

The CHAIRMAN: I cannot give the committee a list now of others who will be here. We shall have the minister and the deputy minister, probably, as in past years, but I cannot possibly give you a list now.

Mr. STICK: The reason I asked my question is that if witnesses are appearing it would be helpful to know what they are going to discuss so that we may be ready to ask questions.

The CHAIRMAN: Mr. Pearson.

Hon. L. B. PEARSON (*Secretary of State for External Affairs*): Mr. Chairman and members of the committee. Once again I would like to express to you my satisfaction at the opportunity of appearing before you and discussing with you some aspects of the work of the Department of External Affairs. I would like with your permission to follow the course that has been followed in past years and make a very short and general statement, and then submit myself to the committee for questions on any matter within the jurisdiction of the department which any member of the committee would like to bring up.

I am not going to deal in my short opening statement with any administrative questions. I assume that they will come later and I shall of course be available then for questioning on administrative matters if the committee so desires. And I am not, of course, going to pretend in the few words which I shall be uttering at this session to deal with all the important matters of external affairs which are in our minds these days. It is my intention to say just a few words on some subjects and then other matters may be brought forward by the committee.

You would probably expect me at the outset to give you my views on the international situation generally. I think that since I appeared before the committee last year—it was I believe in April, just before the Geneva conference opened—there has been improvement, more particularly in Europe where the tension—I speak as one who has just returned from Europe—seems to have relaxed somewhat. That is due, I think, largely to the change in Soviet tactics. I use the word “tactics” advisedly because whether there has been a change in Soviet strategy I do not know. But there has undoubtedly been a change in Soviet and communist tactics and that has reflected itself in a more cooperative attitude on the part of the Soviet Union in regard to some of the international problems which have been troubling us since the war.

One cannot of course be dogmatic or even conclusive about the meaning of this change; the meaning will I suppose work itself out in the course of time in the way in which the Soviet government and its friends approach the specific problems which are facing us. I think it is fair to say, however, that the Soviet Government seems for the time being and in a good many respects to have abandoned what one might call the “shock tactics” of aggressive revolution for greater reliance on the inevitability of communist gradualism. In other words they seem to be falling back on a more gradual approach for the attainment of their diplomatic objectives. I do not know, and I don’t think any of us know, the reasons that have inspired the Soviet government in this change. This is one of the questions which we discussed at very considerable length in Paris at the meeting of the North Atlantic Treaty Council and it was very interesting to hear the conclusions of the various foreign ministers who were there based on the information they had received and the views of their experts as to what was the basic reason for this change of tactics. It was felt by us all that there was no single reason but that there were a number of reasons some of a domestic and some of an external character. None of us was able to assess with any conviction the relative importance of these various reasons in the results that have been achieved. The change may be due to domestic difficulties at home—in Russia I mean—both political and economic;

political difficulties arising out of the change in the nature of rule in Russia from a single man with complete power to a group of men who may for all we know still be struggling among themselves for that complete power and this in its turn may have an effect on their tactics and their foreign policy.

It is also true of course that they are having economic difficulties especially in the agricultural field and that they are faced with a very serious problem in trying to meet promises made to their people of a better life—and there is evidence that the Russian people want a better life as much as anybody else. As I say, it may be difficult to reconcile those demands with that other demand for increasing heavy industry as the basis of their armament policy. Certainly they have not made the progress in the production of consumer goods, and especially in the agricultural field, that they had hoped. That may have prompted them to fall back on tactics which would bring about an easing of tension in order to make it easier for them at home. Also I have no doubt that in Russia as in every other country the people, the working people, have a passionate desire for peace and it may be the Russian government has had to take that into consideration.

And then—this was mentioned by more than one of our colleagues in Paris—in assessing Russian tactics and intentions we must not dismiss as of no importance a factor which is of very great importance in the formulation of our own policy and tactics—namely the realization that if there is war now it will be a hydrogen war. The Russian leaders, whatever we think of them, seem to be a wholly realistic group of people and know as much about hydrogen warfare as anybody else in the world. They know a war of this type would mean not only the destruction of Europe but the destruction of Russia itself. There is no longer immunity conferred by geography or great distance. Continents are vulnerable now, just as islands have been vulnerable in the past. That may be a factor operating in the minds of the Russian leaders and one which has expressed itself in a change of tactics. Moreover, and I am sure this is important, they may have been impressed by the growing unity and strength of the western world and that might have impelled the change in their tactics towards us. And then—I am just casting round now for the various motives that might have been responsible for this change—there is a final one which may be still of great importance: they may hope to put us off our guard by adopting a more reasonable and cooperative attitude in respect of certain problems. It may be that they think they can lull us into a false security and that we shall then abandon the policies which themselves have been in a large part, through NATO, responsible for the improved situation.

Whatever the reasons and the motives and whatever force may be attached to any particular reason, the results seem pretty clear. In Europe there has been an easing of the situation so far as public opinion is concerned. Some advance has also been made in the solution of problems. I am thinking particularly of course of the Austrian Treaty.

The Austrian Treaty was signed a few weeks ago in terms which the Russians flatly refused even to consider a year or so ago. If you want concrete evidence that they have changed their tactics, there it is. That of course is all to the good. And then another evidence of the change in their approach is their present attitude toward four power talks—it may be evidence of a change on our side, too—and their willingness to discuss Germany and German problems with the western powers even after the Paris agreements have been signed and are in effect. Members of the committee will remember that a few months ago the Russian government stated that if the Paris agreements were ratified it would end all possibility of a discussion of German or Austrian questions; ratification, they said, would be considered on their part as a declaration of implacable hostility, and that would end any chance of a peaceful solution to these problems in central Europe. It is not without interest and

possibly not without significance that this statement made a few months ago by the Russians does not seem to bother them very much now, because not only have they discussed the question of Austria but they have signed the Austrian Peace Treaty and they are showing no unwillingness to discuss German questions at the four power conference now to be held.

This change of tactics does give us on the western side an opportunity for negotiating; as I put it the other day it means that in the diplomatic field we are "out of the trenches"—out of the period of "trench warfare" and into the open. That gives us opportunities but it also may result in risks and dangers now that we are manœuvring in the open. I hope we shall be able to avoid the dangers, and I hope we shall be able to take advantage of the opportunities.

So much for Europe. No doubt you will later wish to question me on what I have just said. So far as the Far East is concerned one cannot say that there has been much easing of tension there since I last appeared before the committee, but I think even there there has been some improvement of the situation over the last two or three months.

In Korea we have settled down now to a divided country and while we must maintain our effort through the United Nations of trying to bring about unity there is an uneasy feeling that this is going to take some time. Though the armistice has not been converted into a peace treaty there is as far as we can judge no immediate likelihood of that armistice being broken.

In Formosa and around the Formosan Straits which a couple of months ago was the area of most immediate danger so far as the outbreak of hostilities which would involve the two worlds was concerned, things seem to have settled down somewhat. While the problem remains, the situation has not worsened during these weeks either in regard to the off-shore islands or in regard to Formosa itself, and a kind of de facto cease-fire position seems to be growing up in the Formosa Straits. When I say that I do not wish to ignore the fact that the dangers inherent in that situation still remain and that there has been no particular advance towards a political settlement except possibly in the announced decision of the foreign minister of the communist government of Peking to discuss these questions directly with the United States and the response given in Washington by the president of the United States to the terms of that announcement.

I turn now to southeast Asia. Perhaps I should refer at once to the position in Indo-China. When I met the committee last year we were on the eve of the Geneva conference. I do not think any of us around the table thought then that one result of that conference would be that in twelve months there would be 160 or 170 Canadian officers and civilian advisors in Indo-China attempting to administer and supervise an armistice as members of an international commission. There has been a great deal of discussion and not only in Canada, about the working out of the armistice agreements. Membership in the International Commission has not been an easy responsibility to discharge. We have been faced with a good many problems and are still being faced with them. We knew of course when we took on this job that difficulties would arise—but it was not a responsibility we could very easily have avoided, especially as it was announced in Geneva before we were even asked to do the job that we were going to undertake it. As I say we knew the task was going to be a hard one and that it would involve a lot of problems, some of them quite novel, but on the whole it has not worked out any worse than we expected and we are satisfied that the commission, despite all its frustrations and disappointments, has done some very useful work in Indo-China and has been in part at least instrumental in holding the situation to the point where warfare has not been resumed between the two parties in Indo-China.

Now a word about the work of the International Commissions and their composition—there are three of them, of course—which I think will help to

explain some of our difficulties. Their work could be broadly divided into three fields. The first part of the work—and this is the one which is often overlooked in commenting on and criticizing the commission—deals with the removal of troops from one area to another; then regrouping and the working out of the military clauses of the armistice. That very difficult and complicated job is now almost complete, and it was pretty successfully done. That was the primary job of the commission—the implementation of the military clauses of the armistice agreement. The second field of activity which I might mention is the implementation of the freedom of movement provisions of the armistice agreement under which people in one part of Indo-China who wish to go to the other part should not be prevented from doing so. There has been a lot of trouble over that. We have no reason to believe that all those in the north who wish to go to the south have been able to do so and there has been frustration and disappointment and irritation because of the inability—that is a very polite word—and the lack of desire of the authorities in the north to implement that part of the armistice agreement in a satisfactory way. But while there has been difficulty, and that difficulty persists in this matter, many hundreds of thousands of people from the north have gone to the south and some of them would not have got through if it had not been for the commission. So while the commission has not been able to do all we think it should have done, it did serve a useful purpose. Our representative on the Vietnam commission is doing his best to see that this particular clause of the armistice agreement is being carried out, and we shall continue to do that.

The third aspect of the work which I might mention is that which deals with elections. The armistice agreement provides for elections to be held throughout Vietnam, but it does not say how this is to be done. It is not going to be very easy nor are we certain of the specific responsibility of the commission in regard to the elections. We have a rather different view from that held by other members of the commission—the Indian and Polish members. If agreement is reached—and it must first be reached between the two governments of Vietnam as to elections—the commission will be asked to accept some responsibility with regard to the supervision of the elections and probably with regard to the establishment of machinery for holding them. One thing we shall be very careful about on the commission is this: we do not wish to take any responsibility for elections in Vietnam which would not give a reasonable chance to the people of that country to express their will freely and without hindrance. They would have to be free elections, in other words, or we would not want to have anything to do with them. This however, is a problem for the future. So much for the commission. Members of the committee will also undoubtedly want to ask me something more about this matter.

Another interesting problem during the year has been the recent conference of Asian and African states at Bandung. That was I think a very important and a very useful meeting. From the point of view of the non-communist world I think it had some very good results in that Asian and African delegates themselves got up and talked about "communist colonialism". If Americans or Canadians or British or French had spoken on these lines they would have been discounted; but it is not so easy to discount that kind of argument when it comes from Asians or Africans. So those who were worried and frightened about this conference and thought it might do a great deal of harm must now admit, I think, that it was a good conference to have been held.

Leaving the Far East I now turn to say a word about the Middle East. There has been progress in the Middle East in the development of collective security through pacts between Turkey and Iraq, and Turkey and Pakistan, but there has been very little progress indeed in solving the problem which stands in the way of the pacification of that part of the world—the problem of the relations between the Arab states and the State of Israel—and until some

progress is made in dealing with that problem no one can be very happy about the prospect of security in that area no matter how many bi-lateral or multi-lateral pacts are signed between other countries.

Now I might say just a word about the recent NATO council meeting in Paris of foreign ministers. It was held of course at a very interesting and significant time and it turned out to be the most useful and effective meeting that we have held in the council from the point of view of exchanging views and trying to understand each others policies. The immediate significance of the meeting derives from the fact that the Federal Republic of Germany attended for the first time as a full member of NATO. The meeting was also important because of the nature of the subjects which we discussed. The agenda covered a pretty wide area of the world. One item on the agenda was entitled—and this usually appears at all our NATO council meetings—"Review of the Current International Situation." There were four sub headings under that item. The first, with which I have already attempted to deal, was "Trends and Implications of Soviet Policy". The second was "European Questions for Negotiation with the Soviet Union (i.e. the German problem, the Austrian problem, European security)." The third sub-heading was "Disarmament Negotiations" (we were asked to open the discussion on that subject) and the fourth was "Other questions of common concern in the international situation, including the Middle East and the Far East, and including Formosa."

Members of the committee may wonder why the council which, by its name, is Atlantic in character, should be dealing even from the point of view only of exchanging views, with the Far East. However we thought it would be very helpful to get from the United States at a meeting of this kind as comprehensive and as complete a statement as possible on its Far Eastern policies, because it is quite impossible to divide the Atlantic from the Pacific, and vice versa. We soon discovered that not only, as I said in Paris, was the world geographically round, but it is also politically round. After all, the North Atlantic Treaty Organization includes Turkey and Turkey has a security pact with Pakistan. That gives us even as a North Atlantic Organization some interest as far east as Pakistan. But Pakistan also belongs to the Southeast Asia Treaty Organization, which brings us to the Pacific. To that organization belong the United States, the United Kingdom and France, which brings us back to Europe. So it is really no more unnatural that we should be discussing far eastern affairs at a meeting in Paris of the North Atlantic Treaty Organization than it would be for the Southeast Asia Organization or any other eastern organization to be discussing questions of European security. These things all hang together.

Item 3 upon the agenda was: "Questions involved in the implementation of the Paris agreements, including relationship between NATO and Western European union". We came to the conclusion there that though it was very important that the Western European Union should be built up and strengthened as an agency for European cooperation and for closer European unity, nevertheless the main instrument of cooperation, and the instrument through which we should try to coordinate our policies, would be not the Western European Union even for European countries but the North Atlantic Treaty Organization. There was agreement on that.

So it was a wide agenda and the discussion I think was good and helpful. There is one other matter Mr. Chairman which I think I should mention because it is of continuing importance, and that of course is the United Nations. The last assembly of the United Nations to some extent reflected the improved international situation. It is true that the United Nations still remains, I suppose, the battlefield of the cold war and as long as it remains that it is difficult to see how it can be used in the promotion of international peace and security in the way that it should be used. While that is true it is also true that

there was a better atmosphere at the last assembly, which made it possible to make some progress for instance in each field as disarmament. This reflected the improved world situation.

Next month we are celebrating the tenth anniversary of the signing of the charter by a special meeting at San Francisco and we shall have a chance there to look back over what we have been able to accomplish during the past ten years and to look forward I hope to what we may be able to achieve in the next ten years.

There was one resolution at the assembly which as members of the committee will remember, was carried unanimously—the resolution on disarmament which laid down certain principles to guide the work of the United Nations in this field through the United Nations commission on disarmament. That commission established a subcommittee of five members, the United Kingdom, the United States of America, France, the U.S.S.R. and Canada, to meet in London in secret and see what could be done to bring about a limitation of armaments. That sub-committee has been meeting now for a good many weeks. When I spoke in Paris on this subject I gave a short and general review of its work. I remember saying in Paris when I was giving this review that it looked now as if the subcommittee would have to suspend its activities and report back to the whole committee because the efforts which the four western powers had made to meet the Soviet position had not met with any great success. The British and French delegations had put forward a proposal a couple of months ago which it was thought went some distance toward meeting the Soviet position on these matters, but that effort on the part of the west was dismissed as of no value at all by Malik. So we felt when we met in Paris that about the only thing the subcommittee could do at that time was to report back. But it is an interesting indication of how easily the Soviet can change its tactics and forget what it has been saying that while I was speaking in Paris—almost literally at that same moment—Malik was producing his new disarmament proposals—which did go some distance to meeting the earlier Anglo-French proposals. This has resulted in giving the subcommittee something new to discuss and makes a report back to the full committee unnecessary at this time.

While that Soviet proposal is encouraging as far as it goes we are not quite sure yet how far it does go. The committee is taking a recess for two or three weeks while the governments concerned try to figure out what is involved in these new Soviet proposals.

Well, I have gone on for some time Mr. Chairman and perhaps I had better stop now and try to deal with questions which may be asked by members of the committee.

Mr. COLDWELL: There is one question which I should like to ask Mr. Pearson. When he came back from Europe I noticed he expressed some disappointment that more had not been done to implement article two of the treaty concerning economic arrangements between the NATO countries. Could he say something about that and indicate his views regarding this particular matter?

Hon. Mr. PEARSON: I would like to say something more about that tomorrow or the next day. I am going to try to get something together on the subject, but I can say this at once: I share the disappointment, at times the discouragement of a lot of other people that there has been so much difficulty and delay in bringing about more non-military cooperation inside NATO, but I would point out with regard to article two that it deals not only with economic but with political cooperation, which can be as important in the non-military field as economic cooperation. The two things are pretty close at times. In so far as political cooperation is concerned we have made a great deal of progress, and

one evidence of that is the NATO council meeting which I have just attended. The exchange of views and the frankness of the discussion was better than at any previous session of the organization. We have had some difficulty in previous years in getting the powers with most responsibility in these matters to "open up" completely to the rest of us. Possibly if we were in their position we might hesitate ourselves in this respect. But on this occasion the United States, the United Kingdom and France were very frank in stating the policies of their governments and they welcomed comments from other governments. We have made progress here. I remember Mr. Spaak, who played a very active part in this, as he does at all council meetings, commenting on the better atmosphere that we were developing in the council in the sense that the discussions were, as he said, becoming more and more like cabinet discussions and less and less like formal international meetings. This is good. He also talked about the development of what he called "the commonwealth of Atlantic powers". So we have done something in this field, and the admission of Germany to the council makes these political discussions even more valuable.

On the economic side we have done very little. But there are special difficulties in that field which were not so apparent to us when we signed the North Atlantic Treaty Pact. One is that there are so many international agencies dealing with economic cooperation. Some of them are better than NATO for this purpose. NATO as I have said before is in some ways too restricted in its membership to be the most effective agency for economic cooperation, and in other ways it is too wide in its membership. To expect to establish close economic relationships inside NATO is not realistic when NATO includes countries with which Canada for instance, has economic relations which while friendly, are not so close as those which we have with some countries which are outside NATO. We certainly could not and would not desire to discriminate in that way. But I would like if I may to make a more detailed statement on that later in the week.

Mr. STICK: Mr. Pearson, would you consider the agreement between France and Germany over the Saar to be an instance of progress in economic development?

Hon. Mr. PEARSON: Oh yes, in that one of the great difficulties in reaching an agreement over the Saar was economic. The Saar region politically has over the years been attached to Germany. Its people are more closely related to the Germans I suppose than they are to the French. But economically the Saar is and should be a part of France. That is its natural market. One of the basic difficulties of the Saar problem has been the reconciliation of these two factors, one political and one economic.

Mr. STICK: Now they are making progress?

Hon. Mr. PEARSON: Very good progress. They signed the agreement in Paris while we were there.

The CHAIRMAN: I do not want to limit discussion but I think it would be better if this morning we could keep to the trend of topics which the minister has followed. He will be here for one or two meetings more if he is needed, but I would appreciate it if members of the committee would try to cover the same ground in the questions as the minister did in his remarks. That will not prevent us entering into other fields at later meetings.

Mr. DIFENBAKER: To get back to the question of Vietnam. I understand that the "cut-off date" for the international commission in Southeast Asia was the 18th of May. Recently the *New York Times* stated that there are many hundreds of thousands of people, or at least several hundred thousand people in northern Vietnam who would like very much to have left that country, but as the minister stated they have been frustrated or interfered with by

regulations if not by tyrannical conduct, and the right to leave the country has been denied to them. What are the possibilities of having the expiration of the "cut-off date" extended and is the minister in a position to state the nature of the complaints brought to the attention of the department by General Lett respecting interference suffered by his command.

Hon. Mr. PEARSON: As far as the first part of the question is concerned, Mr. Chairman, we are now in the midst of negotiations to extend the date. As a matter of fact the date-line which Mr. Diefenbaker mentioned has passed. It was May 18. There is a good prospect that within the next few days we shall be able to agree with the governments concerned on an extension of that date. This is a matter which I discussed with Mr. MacMillan in Paris, Sir Anthony Eden who was one of the chairmen at the Geneva conference to whom the commissions report, has taken the matter up with those concerned and we have some reason to believe that there will be an extension of the date. It would then be possible for the movement to continue along the lines provided for, in theory at least, under the armistice agreement. It is not easy for me to talk, in any detail, about the reasons for the complaints received and how they have been dealt with. I know members of the committee will appreciate my position in this matter. Our representative is still working on the commission. He is having lots of difficulties and he is the best judge from our point of view of the tactics which should be followed on the spot in order to bring about the best results, so I do not want to say or do anything which would be harmful rather than helpful in assisting people to go south who want to go there.

Mr. DIEFENBAKER: Would it be prejudicing anything if you were to outline the nature of the complaints which have been received? If it would I would not press the question.

Hon. Mr. PEARSON: It is of course a good question. What I would like to do, Mr. Diefenbaker is to measure my words pretty carefully so that I may give you the information which the committee is entitled to have without interfering in a harmful way with the operations of our commissioner, If I could be given 24 hours or so I will try to prepare a statement which will be of some help.

Mr. DIEFENBAKER: I mentioned in the House on one occasion that I would ask a question on those lines and was told that when the matter came to the committee a reply would be given in some detail.

Hon. Mr. PEARSON: I will do that but I would like to have a text before me. In a general way it would be quite easy for me to explain what the difficulties are and I am happy to do that right now. The basic difficulty is that the commission itself—and I have mentioned this in the House—has no executive authority and cannot actually carry out its own recommendations. We knew that of course when the commission was set up. The commission has therefore to rely on the authorities of the country concerned for the implementation of its recommendations and for the remedial action which is required if the armistice agreement is to be observed. That means, in the south, the government of Diem and in the north, the Viet-Minh communist government. There is not much of a problem in the south because we have not had evidence that many people there want to go north, but it is a very real problem in the north where hundreds of thousands want to go south.

Mr. Low: Perhaps the minister could give the committee figures of the numbers who wish to move and who have been prevented.

Hon. Mr. PEARSON: I cannot do that. Perhaps I could explain privately. When a complaint comes in from an area in the north that a group has assembled in the village square, or its equivalent in Indo-China and wish to get

permission—which they are supposed to be able to get—to go south and they cannot obtain it, information very often reaches the commission. When the commission receives a complaint that this clause of the armistice agreement is being violated—article 14 B—the matter is taken up at once. The commission try to agree on what should be done, sending a team to the area to see what the facts are, getting in touch with the Viet-Minh authorities and all the rest of it. There are opportunities for delay on the commission; there are three members—we will let it go at that. In some questions unanimity is required, but even where unanimity is not required it is obviously desirable to have unanimity if possible. A commissioner can ask for a couple of days delay to make some inquiries, or he can bring up a counter-complaint about a group in the south who want to go north and who have allegedly been prevented, or he can stonewall for a few days. Possibly then by the time a mobile team has been agreed on and has reached the complaint area concerned there will be nobody there to make a complaint about anything. You may also have to accompany your intervention in one part of Vietnam with an intervention in another part where there have been complaints about something else, and so on. This is not an easy situation. There is also another aspect of this matter which is often forgotten. The governments concerned are pledged under the armistice agreement to hold free elections to bring about a united Vietnam. Those who fled from the north and went south and found themselves in a couple of years' time inhabitants of a united Vietnam under the type of government from which they had fled in the north will be in a very unhappy and uncomfortable position. So this is a complicated matter. I will try to say something in a little more considered way about it in a day or two.

Mr. FLEMING: Maybe this question will fall within the sphere of this matter on which Mr. Pearson desires to make a more considered statement later, but I wonder if he would enlarge on what he had to say with regard to the political situation in Vietnam and the conditions which are developing with relation to the elections which are to be held in another year or more. To what extent have general elections been any part of the experience of the people in that country hitherto and how feasible is it going to be to hold general elections in that country particularly in view of the disturbed conditions that continue to prevail?

Hon. Mr. PEARSON: I think it will be very difficult indeed.

Mr. FLEMING: We recognize how crucial this is going to be for the whole future of Southeast Asia.

Hon. Mr. PEARSON: We are pledged under the armistice agreement. I must say, however, that the government of Vietnam is not pledged because it did not sign the armistice agreement. But there is a pledge in respect of free elections in the agreement. It is true as Mr. Fleming has suggested that the people out there as far as I know have never had any election of this kind in their history. Until recent years they were under French-Colonial rule and this would be a new experience for them. But it is also true that they had never had elections of this type in India until a few years ago and while the situation in India is not the same as the situation in Vietnam—it might be very different—nevertheless from the technical point of view one hundred and sixty million Indians were able to vote freely in conditions not too dissimilar from those in Vietnam; they have carried out elections once or twice in India now with results which as far as we know, over the whole population, were satisfactory. They had all kinds of different guides, pictures and so on, to help the electorate because so many of them are illiterate and ignorant of voting procedures, political practices and so on. In some parts of India indeed they were more backward from this point of view than the people of Vietnam, so it can be done.

Mr. DIEFENBAKER: Didn't they put on the ballot papers representations of animals to represent the different parties, very much as the republican party in the United States is represented by the elephant and the donkey?

Hon. Mr. PEARSON: That is right.

This matter of elections is of course a major problem. It expresses itself immediately in trying to get these two Vietnam governments together. They have not been very successful in getting together for other purposes.

Mr. FLEMING: A plebiscite is one thing—a plebiscite on the question of union or something of that kind—but a general election with perhaps a multitude of issues and possibly a number of parties and candidates would be a much more confusing thing.

Hon. Mr. PEARSON: It would probably be an election for a constituent assembly—that is the form it would be likely to take—and the constituent assembly would work out the constitution for a united Vietnam.

Mr. FLEMING: There is no question of a plebiscite on the issue of union or not?

Hon. Mr. PEARSON: There is nothing in the armistice agreement to say how the elections will be conducted, what they will vote about or what form they will take. Nothing. And that is why we have been suggesting that before the commission intervenes at all in this matter the two parties should get together and decide what is to be the basis of the elections.

Mr. FLEMING: Are you not afraid that the armistice commission has left so many “jokers” in the situation and that the political future is left so much at large that it is going to be virtually impossible to work out a political solution of this very threatening situation by the political means suggested?

Hon. Mr. PEARSON: I am very much afraid of the fact that there will not be elections of a kind which we would consider free. I am even more afraid of the fact that we might be manoeuvred into the wrong kind of elections. That might be the greater danger of the two. Still I think we can be pretty certain that the government of the southern part of Vietnam will not participate in any elections which would ensure the victory of communism, at least in the south, by making it impossible for anybody to vote non-communist. That is not the kind of free elections that they have in their mind.

Mr. Low: Can you say anything about the relations of the various members of the commission? Do they seem to get along very well aside from their ideological convictions?

Hon. Mr. PEARSON: Yes, their personal relationship is friendly. Mr. McDonnell would I think tell you that especially in the early days there was a definite attempt made on the part of members of the commission to get on with the other members. You have in mind, Mr. Low, the Polish member of the commission, no doubt. I think the relations between the Polish representatives, the Indians and the Canadians there have been good enough personally. That applies not only to the commission but to the military teams where they often find themselves cut off from all forms of life except that of the natives. They get on pretty well together. I would like at this point to put in the record, as I have already mentioned in the House of Commons, an expression of my admiration for the way in which the Canadian armed services—I am leaving the External Affairs Department out of this completely—are conducting themselves in this part of the world. They have won a wonderful reputation not only for the manner in which they have carried out their duties but for their diplomatic skill, their tact, friendliness and desire to co-operate with the people among whom they are living.

Mr. Low: It was exactly for that reason that I asked that question. Would you say, Mr. Pearson who pays the 160-180 Canadian personnel who are there?

Hon. Mr. PEARSON: We are trying to work that out now. The Geneva conference accepts the financial responsibility for the working of the commissions, but it was left pretty vague as to how this financial responsibility is to be discharged and what proportion of the expenses would be borne by the governments of the commission and what by the conference. We hope to make an arrangement with the powers concerned before long, but meanwhile we are paying all the expenses of all the Canadians connected with this operation.

Mr. Low: Would the other two members of the commission have about the same number of personnel?

Hon. Mr. PEARSON: No. We are very definitely in a minority. There are fewer Canadians than there are Indians or Poles. In the case of the Indian contingent that is understandable because they provide most of the secretarial services, but the Poles provide very large staffs out there and our people are outnumbered in every group in which they work. We really, I think, should have more people.

Mr. Low: Do you think that is a handicap to the Canadian branch?

Hon. Mr. PEARSON: I do not think it has been a handicap in so far as the discharge of their duties is concerned but I think it is, in the sense that they are overworked and we have had to bring some men back already because of ill health. It is not a very healthy part of the world to live in even in the best conditions. But I think the personnel situation is better from the Canadian point of view now than it was. We had a difficult time at the beginning in getting suitably qualified people to go out there, and we did not want to send people there who were not qualified.

Mr. KNOWLES: Have arrangements for leave been worked out now?

Hon. Mr. PEARSON: Yes, we have now worked out arrangements for leave. We try to bring them back every year or eighteen months. The services have this well organized but it is a little more difficult for us in the department because we have fewer people and it is harder to replace them.

Mr. Low: What do they use as headquarters?

Hon. Mr. PEARSON: The headquarters of the Vietnam commission has been in Hanoi on the communist side, but they are now in the process of transferring to Saigon. It is understood that part of the time will be spent in Saigon and part in Hanoi. They reached Saigon just at the time the trouble began there and they may have wished for a time that they were back in Hanoi. In Laos the headquarters of the commission is the capital city, Vientiane and in Cambodia the commission is also in the capital city, Phnom-penh. In addition to that they have mobile groups all over the country—military officers.

Mr. MACNAUGHTON: Could you give us some idea of the approximate cost to date to Canada of the Canadian commission?

Hon. Mr. PEARSON: I will get those figures for you. I saw a message not long ago which illustrates the difficulties and indeed the hazards of this kind of activity in Indo-China. There was a little trouble in the north of Laos—and firing had broken out between two factions in some village up there. A Canadian officer was sent up to intervene on behalf of the commission and to try and prevent a flare-up. He could only get in by helicopter since there were no roads, only jungle tracks which could not be used. As I say he went in by helicopter, and landing in a clear patch in the village found himself in the line of fire between the two factions. He got a message back to the headquarters of the commission in Vientiane by portable wireless, I suppose and the message read,

something like this: "reached the place successfully. Find myself being fired on by both sides. Will send situation report tomorrow if alive." It turned out all right. He got back, and the firing stopped.

Mr. DIEFENBAKER: If I may change the subject for a moment, the minister said in the course of his remarks that there would be a meeting in San Francisco in June to commemorate the tenth anniversary of the signing of the United Nations Charter. I would like to ask two questions arising out of that. He mentioned there would be representation from the various countries, and I would like to ask what is the Canadian representation to be? Secondly what are the probabilities of there being any revision of the Charter which would be generally acceptable and feasible having regard to the situation existing at the present time?

Hon. Mr. PEARSON: In so far as the first question is concerned we have not determined our representation finally, but it seems to be generally agreed that the delegation will be small. So far as the other countries are concerned with whom we have been in contact they will be sending just their foreign ministers plus their permanent representatives at the United Nations. A large delegation is probably not required because all that is going to happen at San Francisco is a succession of speeches. There will be 60—I take it everybody will have to make a speech—and the meeting will go on until the last speech has been made, after which the assembly breaks up. It is that kind of celebration.

Mr. KNOWLES: Might as well stay here.

Hon. Mr. PEARSON: So there will be not likely be work substance done at San Francisco. As far as charter revision is concerned, that is a matter which I know the committee has been interested in in the past. We have been working on that in the department and we could go into it in more detail later on if the committee would like me to do so. Our first problem is to decide whether we should support a charter revision conference at all at this time. At San Francisco, and I recall this very well and some of the members of the committee will recall it also—we, the Australian and other delegations were insistent that there should be provision for revision conference after ten years. We were determined to avoid if we could the use of a veto against the calling of such a conference. And we succeeded. So a conference can be called now by the majority of the assembly and any seven members of the security council. But that does not mean that in the light of the experience of the last ten years and in the light of the present international situation that it is necessarily wise to have a conference at this time. There is no veto on the holding of the conference, as I mentioned, but there could be a veto exercised against all the recommendations which such a conference might make. It would be a great mistake I think to have a conference which would be acrimonious in character and where the positions of would be so far removed from each other—I am thinking of the East and West—in regard to any changes to the charter that all that would happen would be the majority would pass recommendations which would be vetoed by the other side. I think it would be better to see if we could not first have by preliminary discussions with the Soviet Union and the other side to see if there was any possibility of agreement on certain amendments to the charter. That might be possible and in that case certainly a conference should be held.

Mr. DIEFENBAKER: Has the Soviet Union given any indication that there is anything they would accept?

Hon. Mr. PEARSON: Not yet, but most of the members concerned are trying to decide what kind of changes they themselves would like to see made and there has not been agreement between friendly governments on that. But I think it will probably turn out to be the view of the majority at the next assembly of the United Nations that a conference should be held. If that is the case I hope there will be a great deal of preparatory work done before it

is held, not only between countries and governments which normally work together in the United Nations but with the other side so that the conference will not become another battlefield of the cold war.

Mr. COLDWELL: I understand it is not mandatory to hold a conference after ten years, but permissive.

Hon. Mr. PEARSON: That is so.

Mr. PATTERSON: I am wondering if there are any major amendments on which there is more or less general agreement among the various nations which is sufficient to indicate that it is feasible to call a conference.

Hon. Mr. PEARSON: There has been no agreement that I know of in regard to any changes that might be made to the charter, but as I have said there is a possibility of agreement being reached in regard to certain matters and there should be diplomatic conversations to see whether this could be done. The Soviet Union might be in favour of certain amendments that we would put forward, but I have no reason to believe either that that will be the case or that it will not be the case. One thing for instance that might be done—and it would be important if it could be done—would be to give Asia greater representation in the security council. That might be considered. The Soviet Union might be glad to support that kind of move. Another thing that we in the department think should be done is this: not to eliminate the veto—that cannot be done because none of the permanent members would agree to that—but to limit the operation of the veto as was agreed at San Francisco. For instance it would be a step forward if the veto could be removed from applications for membership. That is the kind of change which possibly might receive unanimous agreement, but we do not know yet. I think myself that until we have conducted exploratory talks with other governments it would be a mistake to decide at this moment whether a conference should be held next year or not.

Mr. PEARKES: My question, Mr. Pearson, deals with Europe. In the light of recent events what is the general attitude towards the unification of Germany? Has there been any change in that? Do the NATO nations still have that as their ultimate goal and has there ever been a definition of what unification means—whether it includes territory now occupied by the Russians or merely the Eastern zone of Germany?

Hon. Mr. PEARSON: General Pearkes has touched of course on one of the most important of all European questions, it is something that we discussed in Paris, naturally, and for the first time in the presence of a German representative who on this occasion listened more than he talked. German reunification remains a primary object of German foreign policy and the entry of Germany into NATO has not changed that. And certainly no German government would survive which reduced that objective to a secondary place. By unification I have in mind the unification of West and East Germany, not the unification of Germany as it was before 1939, but the bringing together of the two portions of Germany, the one which we call West Germany and the other that part of Germany which is occupied by the Soviet Union and which is now governed by the communist government of East Germany. That is what we mean by unification. It is, as I have said, a major problem and it remains a major problem irrespective of the fact that Germany is now a member of NATO. It certainly will be one of the subjects which will be discussed both “at the summit” and by the foreign ministers.

There is a good deal of talk about how this unity could be brought about and we also hear a good deal about an attempt to “neutralize” all Germany as the price of unification. I have no doubt in my mind that that was an impelling reason for the Soviet Union changing its policy in regard to Austria and accepting an Austrian Peace Treaty involving the neutralization of Austria.

It may have been in their minds that the example of a free united and neutralized Austria would have some effect on German public opinion; that it would result even at this stage in the detaching of Western Germany from the North Atlantic Treaty Organization. Members of the committee may have read however that Dr. Adenauer has said again recently that neutralization does not appeal to his government.

Mr. COLDWELL: What does it really mean—to set up a “neutral zone” across Europe?

Hon. Mr. PEARSON: It is hard to tell what it involves because the proposals for a neutral belt—a belt of neutral states—which have been made from time to time from behind the Iron Curtain are pretty vague in character. But there does not seem to be much doubt that it is one of the main purposes of Soviet foreign policy at the present time to detach and neutralize a group of states right across Europe. That may be one of the main purposes of the visit to Belgrade. That visit will be undertaken, as members of the committee know, in a few days by two of the leading figures in the Soviet government. It is interesting in that connection to know in what order they are placed because that usually has very considerable significance in Moscow. Mr. Khrushchev is first, and Mr. Bulganin, who for other purposes takes a different order—is second. That visit will undoubtedly have something to do with this project of a belt of neutralized states from Sweden in the north to Germany and Austria in the south.

Mr. COLDWELL: Does it include Czechoslovakia and Poland?

Hon. Mr. PEARSON: That is one of the things we shall need to find out.

Mr. PEARKES: Is it your opinion that the Adenauer government is accepting your definition of “unification”? They don’t have any aspirations to regain the Eastern provinces—or at least any declared aspirations?

Hon. Mr. PEARSON: Chancellor Adenauer has made it quite clear that by reunification they mean reunification of the two parts of Germany that I have mentioned.

Mr. CROLL: You spoke of neutralization; Austria as a result of the Peace Treaty undertakes to be neutral. How does Russia enforce that neutrality tomorrow if Austria changes her mind?

Hon. Mr. PEARSON: I do not know. You have the same problem, and have had it for more than a hundred years, with regard to Switzerland. Switzerland has declared her neutrality over the years by unilateral act. It has been open to her at any time to say “we are not going to be neutral any longer”. The neutralization of Austria does not depend on any clause in the Austrian Peace Treaty. It is a declaration by the Austrian government which was accepted by the governments which signed the Treaty. Once Austria becomes a sovereign state it will be open to her as a sovereign state, I think, to revoke or modify that statement of neutrality.

Mr. CROLL: As it is open to Germany to do what she likes at the present time?

Hon. Mr. PEARSON: Once Germany becomes a sovereign state it is open to Germany to do everything she likes as a sovereign state, even if it means withdrawal from NATO.

Mr. CROLL: I have one question on that point. There is a very widespread feeling that what you say about Dr. Adenauer and Germany is true, but there is great uncertainty about the policies that will follow Adenauer and which are likely to be carried out when Adenauer will not be around. Is there strength enough in Germany to carry out those policies?

Hon. Mr. PEARSON: That is of course an uncertainty that attaches to every democratic country. We cannot foresee the future, but we have no reason to believe that the policy of the Adenauer government will not be maintained. We have no reason to believe that. We have to accept the declaration of the government in power and I would not like to go beyond that. The Chancellor himself states that he represents the majority opinion of Germany in so far as the declaration he has made is concerned.

Mr. CROLL: One more question. In that statement you put considerable emphasis on the remarks that we were "out of the trenches" with regard to our dealings with the Soviet government. What are the advantages that you see in this period of what one might call "mobile diplomacy"?

Hon. Mr. PEARSON: The main advantage is that we can take up with the other side specific questions that have troubled us for ten years. Just as the problem of Austria has been settled, we hope satisfactorily, we may be able to take up other problems and settle them too. It is going to be a long drawn out and continuing process and, as I see it, one of the elements of possible confusion and possible danger in the decision that has recently been reached to hold this conference "at the summit" and later by the foreign ministers is that dramatic expectations have been aroused which are not likely to be quickly fulfilled. The heads of governments will presumably be meeting shortly and I should think that all they could do is to establish the right kind of atmosphere and outline some of the problems that should be tackled, and then refer those problems to the foreign ministers, and the foreign ministers will go to work on them. But the foreign ministers will not be able to settle these problems in a week, or a month or two. They may set up new machinery and use existing pieces of machinery, and some of it may be United Nations machinery, to deal with the various problems that have been troubling their relations, that gives diplomacy a change to work; but if public opinion thinks "everything is fine now, we will have a few meetings and there will be peace on earth" the resulting disappointment might lead to disillusion and make a solution in the future even more difficult. That is what I had in mind when I said that now we are out into open manoeuvring diplomatically. It gives us great opportunities but there are also elements of danger. We might expect too much, and indeed we might be out-manoeuvred.

Mr. HERRIDGE: To refer again to the possibility of the development of a zone of neutral states. According to a recent press dispatch, Marshal Tito made a statement something to this effect when the question arose of the visit of the Soviet representatives: "we are not with the West or the East". What is the exact position with regard to Yugoslavia at the present time?

Hon. Mr. PEARSON: Technically the position is as Marshal Tito has declared it. Yugoslavia is not a member of the North Atlantic Treaty Organization but she is a member of the Balkan Alliance with Greece and Turkey, and while Marshal Tito would not say that that is an alliance with the West it is an arrangement for collective security with the countries who are members of NATO. I can say nothing more than that. Marshal Tito—I do not like to use the word "neutral" because Yugoslavia is a sovereign state and has not neutralized itself or been declared by anybody else to be neutral—is not committed to either side with regard to a formal engagement except that undertaken in the Balkan Alliance.

Mr. COLDWELL: But he is not associated with the communist states in the same way as he is with Greece and Turkey?

Hon. Mr. PEARSON: No. There is no association with communist states comparable to the Balkan Alliance.

Mr. STICK: As far as we know.

Mr. CROLL: He still takes from the West.

Hon. Mr. PEARSON: He gets some assistance from the West for the purpose of enabling Yugoslavia to strengthen its defence against aggression from the East.

Mr. MACNAUGHTON: I wonder if there is not a further implication in the Austrian peace treaty, namely the trade implications. Austria is a small country, but Vienna is still the important centre of trade, banking, finance, etc., and as such has important trade relations with other neighbour states. I had dinner last week with an Austrian business man of some importance, and he told me that even his company had an annual turnover of several millions of dollars; and he pointed out the necessity of sending out new trade commissioners or persons qualified to advise Canadian industry of business opportunities because there was a great deal that Canadians could manufacture for the Central European market. He also said that I could rest assured that American business men would be on the scene investigating possibilities for trade practically before the ink was dry on the Austrian Peace treaty. I would ask you just what our diplomatic and trading set-up is in the state of Austria at the present time?

Hon. Mr. PEARSON: We have a diplomatic mission in Vienna, the head of which is also our minister to Switzerland, and there is a trade commissioner who covers Austria. His headquarters are in Switzerland also, so we are not very heavily represented in the diplomatic or trading post. But I have no doubt that Canadian businessmen are alert to the opportunities of trading with Austria and will be able to take advantage of the situation you mentioned. I would agree now that Austria is free and united that we could probably strengthen our representation in Austria, and we are giving some consideration to it at the moment.

Mr. MACNAUGHTON: Trade-wise I think you should, because Vienna is a prosperous city.

Hon. Mr. PEARSON: We have offices in Vienna now with an official permanently in charge. He is at the service of any Canadian businessman or trade organization which wishes to develop trade contact with Austria.

Mr. COLDWELL: What is his rank?

Hon. Mr. PEARSON: His rank is that of *chargé d'affaires*.

Mr. BELL: What effect do you think the feeling expressed at Bandung that Communism is becoming imperialistic is having upon Soviet policy? You did not list it as being significant at the time.

Hon. Mr. PEARSON: No, that is one of the things which I might have mentioned as a reason for the Soviet change of tactics. We had a report on the Bandung conference at NATO from the Turkish representative who was also the Turkish delegate to the Bandung Conference. He dwelt at some length on it and he mentioned that when attacks were made at Bandung on the new form of Communist colonialism, with special reference to the U.S.S.R. there was no defence made of it by any of the other Asian countries, not even by the representatives of the greatest Asian Communist government, that in Peking.

That may also have been an influence which has been at work in Moscow in recent months which helped to bring about the change in their tactics. Also, another factor bearing on this is that I doubt very much whether the Russian government view with any great enthusiasm the rise and development of a great Chinese industrialized empire, whether or not it is under Communist rule or any other rule. It may be that the industrialization of China itself which is the first objective and policy of the Peking government is resulting

in a great many demands upon Russia for industrial and economic help which may have added to the economic burden of the U.S.S.R. at this time.

Mr. BELL: I would like to ask you about intelligence. I read in the paper the other day rumours that the Russians have many more planes that we had imagined. I would not ask you to go into any details of a security nature, but could we have some comment from you on just what we do in a case like that? I have been worried about it.

Hon. Mr. PEARSON: There are a lot in the western countries who are trying to get what information they can about the military strength of other countries. There are a lot of people in this country trying to get what information they can about the military strength of the west. They have an easier time in obtaining such information, because there is a great deal of information made public about that strength. I could produce some of the information you asked for, but there is an obvious difficulty in this field. True, a statement was made a few days ago about the air strength of the Soviet Union. I think I know the statement to which you refer, without mentioning the name of the man who made it. It was denied within a few days by another man in that government who said it was all "poppy-cock", and that the fellow should be fired who made it. All I can say at the moment is that the strength of the Soviet Union is very, very great. We can talk accurately about 175 active divisions which could be increased to 300 upon mobilization; that probably includes satellite countries.

But that aspect of the strength of the Soviet Union and of the Communist states does not worry me so much as the possession of one hydrogen bomb. We can talk without too much shuddering about 175 divisions; but I cannot even think without shuddering of the effect of one hydrogen bomb. I am afraid we do not know very much about the Russian capability in this field except that they have the hydrogen bomb. We accept the fact that their bomb is probably as destructive as the American bomb and that they have enough for devastation. As Sir Winston Churchill pointed out to us at the recent prime ministers conference in London, if 50 hydrogen bombs can destroy the world—and they can destroy a good part of the world, no doubt—it does not make much difference whether you have five hundred or five thousand if 50 is enough. They become a wasting asset after 50. Maybe the Russians have 50, maybe not; I do not know.

Mr. COLDWELL: To what extent during the NATO conference was there a discussion of cooperation on the production of these weapons decided upon? Was there any discussion? Each country seems to be working along its own lines, such as France and Britain.

Hon. Mr. PEARSON: Yes, there have been discussions along that line and there has been progress made in the sense that there has been a greater exchange of information than previously on these weapons, some of which are now in the possession of the NATO armies in Europe, so they know more about them than formerly. I do not know how much others than Americans know about their manufacture.

Mr. COLDWELL: Is there any prospect at all of endeavouring to get an agreement within a disarmament treaty of course on the mis-use of the bomb?

Hon. Mr. PEARSON: That is an integral and vital part of the disarmament treaty.

Mr. COLDWELL: I do not think it could be considered separately.

Hon. Mr. PEARSON: No. I would be glad at the next meeting to go into this subject in a little more detail. The latest Russian proposals on disarmament which include the proposals we made some months ago, have some provisions

attached to them which may or may not destroy most of their value. I could say something about that at the next meeting.

Mr. DIEFENBAKER: Do they cover compulsory inspection?

Hon. Mr. PEARSON: I will read you tomorrow or the next day exactly how they put it. Part of their proposals on the face of it, do seem to go a very long way in meeting our demands for compulsory inspection; but that does not go the whole way.

Mr. CRESTOHL: I would like to refer to Austria and the question raised by Mr. Macnaughton. I was encouraged to learn of the extension of our representation in Vienna. I had occasion to call on our representative there about three or four months ago. The trade problem does not only concern exports from Canada to Austria, but there is a problem developing now where low-priced labour in Austria is providing exports from Austria into Canada which are actually being dumped here. I think we should be more alert if our representatives there had a little more latitude in that regard. I know that the Department of Trade and Commerce and Customs are now checking very carefully into it. I think that strengthening our representatives there would be very helpful in that regard.

Hon. Mr. PEARSON: Thank you.

Mr. STICK: I move we adjourn.

The CHAIRMAN: Other members may wish to ask questions, Mr. Lusby.

Mr. LUSBY: In regard to Russian-China, you said that Russia would view with some uneasiness the emergence of China as a strongly industrialized nation. Would there be any likelihood that it might force Russia to seek friendlier relations with the west?

Hon. Mr. PEARSON: It is something devoutly to be hoped. You may have noticed that in Mr. Dulles' recent statement he now is inclined to distinguish between what he calls the aggressive revolutionary philosophy of this new Communist government in Peking and the old-established Communist government in Moscow, which is now a little easier to do business with. We have always felt—I think all of us—that anything that could be done to detach China from Russia or vice versa would be a very useful thing. But it will be a pretty slow process and I doubt if it should influence our policy in the immediate future. From the long-range point of view we should look at it as a Chinese-Russian problem, not a Communist-made problem. There are strategic and geo-political and economic sources of difference between Russia and China. I take it that these will exist irrespective of the form of government in Peking and in Moscow. But as has been pointed out to me more than once, as long as the Communist government in Peking is completely ostracized and isolated by the non-Communist nations, she will cling to Moscow.

Mr. DIEFENBAKER: My question is not for the record, but what do you do when you get an invitation from the U.S.S.R.? What do you do about it?

Hon. Mr. PEARSON: You mean to go to the U.S.S.R.?

Mr. DIEFENBAKER: Well, from their embassy here.

The CHAIRMAN: You cannot very well ask a question and not have it in the record while the press is in the room.

Hon. Mr. PEARSON: Once you have adjourned I will tell you what we do.

Mr. MACNAUGHTON: I would like to follow up the implications of the Austria Peace Treaty, and the thing I want to refer to is simply this: this may be the beginning of a trade offensive by the Russians along this neutral belt. We may see trading increase in the center of Europe? That is a two-way affair. If they want to trade more, that is where we and they can do it. It might be just an indication of a change of tactics or attitude. I do not know;

but in any event whether it is or is not, these industrial nations, it seems to me, are very anxious to trade with us, and if that is so, surely we should do something about it. This may come under the Department of Trade and Commerce, I do not know; but I do know that our trade representatives act for both Departments. They are under-staffed in the central part of Europe, and if there is an opportunity there for Canada in the export trade—we should take steps now to investigate the export market for Canada.

Hon. Mr. PEARSON: You may have noticed the statement of the president of the United States the other day about trade behind the Iron Curtain. It was rather a different type of statement than he might have made a year ago. Personally, I think it was a very sensible one. If trade is to be easier with this part of the world, then we should encourage it for our own advantage. That is what we trade for, as well as for the purpose of bringing about better relationships. If that is the case, we should certainly give serious consideration to the strengthening of our trade missions and trade officials in that part of Europe. That is a matter, of course, which is primarily for trade and commerce, but I would like to see every external affairs employee from the ambassador down to the clerks act as trade officials as well as acting as diplomatic representatives of Canada. However they are not specifically trained for that purpose.

Mr. PATTERSON: I would like to ask a question or two with respect to the disarmament meetings, but in view of the fact that you will be making a statement I shall not ask my questions at this time. At the beginning of your presentation you dealt at length with the different approaches that the Soviets were taking at the present time. Would you like to express an opinion as to the possibility of any change in the ultimate objective of the Soviet Union?

Hon. Mr. PEARSON: I would not, because I do not know; but I would try to make a distinction between tactics and strategy. Communist strategy may be unchanged, but communist tactics certainly have changed, and that is in accordance with good communist doctrine as stated by Lenin and also Stalin. But sometimes a change in tactics can lead to a change in strategy regardless of the intent of the person who introduces the change in tactics; and if we can exploit this present change to that end, so much the better.

I can give you one example to indicate what I have in mind. There was a change in Russian tactics in the signing of the Austrian Peace Treaty, and consenting to terms which were even more favourable to the West than the ones we were willing to sign a year ago. That was a change in tactics; but the influence of it, and the effect of it, on the people behind the Iron Curtain in central Europe may be, in the long run, important. It may encourage the forces of freedom in these countries, and in the long run, may have important results; but again I do not know. However, a change of tactics in relation to Austria may have an influence on Russian long term strategy.

The CHAIRMAN: The committee is now adjourned to the call of the chair, probably tomorrow afternoon.

EVIDENCE

MAY 25, 1955

The CHAIRMAN: Order gentlemen. Are there any further questions from members of the committee on the brief which was given to us yesterday?

Mr. DIEFENBAKER: I would like to ask one question, Mr. Chairman, which arose out of Mr. Pearson's remarks the other day on the lifting of tension in Europe. Some weeks ago I asked in the House if he would tell the House and the country what the present position is concerning the invitation by the U.S.S.R. or the Soviet Council with regard to visits of parliamentarians from various parts of the free world. The minister said on that occasion that he would deal with this question, and I wish to ask him whether he believes that what is actually taking place is an additional reason for feeling that the tension is lifting; and will he also say what the present position is regarding the invitation in question.

Hon. L. B. PEARSON (*Secretary of State for External Affairs*): Mr. Chairman, and members of the committee, I can make a short statement in regard to the invitation, from a memorandum which I would be glad to put into the record and which may deal with the point raised by Mr. Diefenbaker. The invitation, and I use that word "invitation" in inverted commas because I am in some doubt to whether it actually was an invitation in the normal sense of the word—the invitation was contained in the Supreme Soviet Declaration of February 9 of this year. That declaration contained a great many other things. It included an appeal from Moscow in communist language for world peace on communist terms and it contained three paragraphs at the end, as I have already indicated in the House, advocating direct contacts between parliamentarians including an exchange of visits by delegations and speeches by visiting parliamentarians in the host parliament.

Reports of this declaration in many western newspapers stressed the suggestion about parliamentary visits rather than the demand couched in not very friendly terms for a communist peace plan. I do not know whether members of the committee have had an opportunity to read the Soviet declaration but if I can get a copy of it here I will read some extracts which by the rather unusual words used will illustrate what I mean. As a matter of fact I have a copy of the declaration. I recall that in the House of Commons when we were debating External Affairs—I think it was during the debate, or possibly on the Orders of the Day—it was suggested by one hon. member that when you are invited to dinner you do not turn down the invitation or reply to it in an unfriendly way. However, as I have said, this was not a normal invitation to dinner or even to a meeting, because the declaration which embodied this invitation at the end, was as I have said, a most unfriendly document so far as Canada and the Western countries are concerned because the first part of it was filled with propaganda attacks on the policy that our governments have been pursuing. The charge is made, for instance, in this document that "an atomic war is being prepared in secret from the people", that is to say that an atomic war is being prepared by the United States and other governments. The document goes on to state that in certain countries—and there is no doubt which certain countries are meant—there can be heard open and unrestrained appeals for a new war and the use of atomic weapons in that new war. That is the kind of document to which this invitation was appended, so it is a little unusual in its terms and indeed in the manner of its presentation.

We have not received any further invitation from the Soviet Government apart from this statement of the Supreme Soviet and we have as a government taken no action in regard to it. One would think that if this matter were to be followed up and if the Soviet Government were serious in its desire to invite Canadian parliamentarians to visit the Soviet Union we would hear from that Government to that effect.

Mr. DIEFENBAKER: In the rather bizarre form in which it was extended, I take it that the minister concluded that this was simply a propaganda move, and a rather unsubtle one?

Hon. Mr. PEARSON: There is certainly a propaganda content in the declaration. I will be glad to circulate the declaration to members of the committee and they can judge for themselves. But it is true that at the end of the document the following paragraph appears:

The Supreme Soviet of the Union of Soviet Socialist Republics considers that the establishment of direct links between parliaments, the exchange of parliamentary delegations and speeches by parliamentary delegations of one country in the parliament of another country will correspond to the desire of the peoples for the development of friendly relations and for cooperation.

The Supreme Soviet of the Union of Soviet Socialist Republics will sincerely welcome any steps by parliaments of other states directed towards the strengthening of peace among the peoples.

I think we can all happily agree with that particular sentiment and I am not suggesting that in certain circumstances if the conditions were appropriate, a visit of Canadian parliamentarians to the Soviet Union would not be both useful and instructive. Similarly a visit of Soviet parliamentarians—if you can call them that, for I must say they are not parliamentarians in our sense, nor is there any such species in the Soviet Union—a visit of Soviet representatives to Canada might be very instructive and useful to them if they were permitted to visit our country freely and without restrictions. Whether parliament wishes to proceed with this matter is, I suggest, something that parliament, not the government, should decide.

Mr. KNOWLES: May I ask whether this declaration or invitation came to the notice of the government only through the press or the Soviet news agencies or was it brought to the government's attention through diplomatic channels?

Hon. Mr. PEARSON: This statement, A Declaration of the Supreme Soviet of the U.S.S.R., was handed to our ambassador in Moscow. I take it copies were handed also to the ambassadors of a great many other countries represented in Moscow. We received it from him in the ordinary diplomatic mail. I do not think any follow-up has been made by Soviet representatives nor has any invitation or any suggestion been directed to us by the Soviet representative in Ottawa. I think that is correct, though I would like to check it.

Mr. KNOWLES: Or to the speaker of either House, I take it?

Hon. Mr. PEARSON: Or to the speaker of either House as far as I know. I will make inquiries.

Mr. KNOWLES: There was no r.s.v.p. on it?

Hon. Mr. PEARSON: No.

The CHAIRMAN: We can have this printed together with these proceedings as an appendix in order that those who want to follow the procedure may have the information.

(See Appendix No. 1)

Mr. CANNON: Could I ask one further question arising out of the statement the minister made the other day? In giving reasons for the change in the Russian

attitude, I do not recall that he mentioned the situation that Russia now finds herself in in relation to China. She has heavy commitments there, and she may be worried about the possibility of China becoming too strong as the result of the aid that she is giving to China. I was wondering whether the minister would care to say something on that?

The CHAIRMAN: The Minister dealt with this yesterday.

Hon. Mr. PEARSON: I mentioned that yesterday. It is one of the factors which I thought may have affected recent changes in Soviet tactics.

Mr. CRESTOHL: I was wondering whether we should allow it to go abroad that this is an invitation from Russia. I do not think it is even a unilateral invitation, and if it gets about that Canada is refusing an invitation extended to it by Russia that will have a certain propaganda value which is not desirable. I am wondering whether some statement should not be made that there is a misunderstanding with respect to Canada having received an invitation from the Soviet Union.

Hon. Mr. PEARSON: I do not myself consider this document as an invitation at all. It was at best a suggestion couched in a Soviet memorandum that exchanges between parliamentarians would be useful for peace. In that sense it is certainly no invitation and even that suggestion itself—the effect of that suggestion—is to some extent neutralized, if I may use that word, by the language in which the memorandum is set out.

In the earlier part the memorandum deals in a very one-sided and unfriendly way with our own foreign policy and the foreign policy of our friends. So far, the impression has been given that a formal invitation has been received from the Soviet Union to Canadian parliamentarians, that they should visit Russia. That impression could certainly not be based upon this document, and this is the only one we have.

Mr. CRESTOHL: I think the press has carried such an implication.

Hon. Mr. PEARSON: Statements have been going out in Moscow to the effect that such an invitation has been issued. This is the "invitation". I do not know of any government which has taken this invitation up in the form in which it was presented. I used the word "invitation" with the qualification I have already made. There have been visits by parliamentarians to the Soviet Union recently, of course, and I am not suggesting that these may not have been useful visits, but they have not so far as I know resulted from this particular document.

Mr. Low: Mr. Chairman, yesterday the minister made a brief mention of the Middle East but there were so many other matters he wished to deal with in the short time available that his reference to affairs in the Middle East was rather brief and sketchy. I was wondering if he could tell us something about the situation as between Israel and Arab States, more particularly something about what is being done to solve the Arab refugee problem which has been a long continuing source of tension and difficulty in that area.

Hon. Mr. PEARSON: I will deal with the latter and the more specific part of the question first, Mr. Chairman. One of the worst factors of unrest and disturbance and danger in the Middle East arises from this refugee problem. A great many Arab refugees have not been able to find new homes or have not been able to return to the homes in Palestine from which they originally came. That has been a most disturbing feature in the whole situation. The United Nations has accepted responsibility for looking after these refugees and for doing what can be done to resettle and rehabilitate them. It is an immense problem. I think originally there were about 800,000 refugees—some members of the committee have had personal experience with this problem, including Mr. Low—and I believe the number now is not far below

the original number, so there has not been very much progress made in liquidating this problem. Some of the refugees have been resettled and taken care of but the population in the camps has increased. However, the United Nations through its relief agency has made quite considerable progress in the last year working out projects which will give employment to some of these refugees. We—the Canadian delegation to the United Nations—were worried because this was becoming primarily a relief project; all that was being done was to keep these people alive. But during the last year there has been some progress made in rehabilitating and resettling them and I hope that progress will continue because it is the only real justification for international activity of this kind.

There is the Jordan Power scheme and things like that which it is hoped will give work and subsistence to a good many of the refugees. The situation itself apart from the refugee aspect of it, as I said yesterday, is certainly not an encouraging one and I repeat that I do not see how we will obtain security and tranquility in that part of the world as long as we have this implacable hostility between the Arab states and the state of Israel. I am not going to allocate blame in regard to that hostility nor am I going over the history of the past, but it seems to me in looking ahead that there can hardly be peace there unless the existence of the state of Israel as such is recognized by its neighbours. If it is a part of Arab policy to destroy the state of Israel there will be trouble and there will be danger. On the other hand I think the government of Israel has to show a maximum of understanding of the fears and anxieties of their Arab neighbours that they might be overrun by this new aggressive—and I use the word “aggressive” in the right sense—state, I think the government of Israel could make a real contribution to removing those fears of the Arabs by making a constructive contribution to the refugee problem.

MR. COLDWELL: May I ask what the underpopulated Arab states are doing to resettle these refugees?

HON. MR. PEARSON: As I understand it, they are not doing very much. When I say a contribution from Israel would be important I mean that even if it were a token contribution it would be, I think, psychologically of very great value. As far as I know the Arab states are themselves doing very little to liquidate the refugee problem. There may be reasons for that. The Arab states themselves are poor economically. Their standard of living is very low, and they do not have very much in the way of wealth and resources. They might consider it quite impossible for them to absorb or solve this problem. Anyway, it is a delicate, difficult and complicated business and I think the time is rapidly approaching when the powers that have the power and the responsibility should make a further and a strong effort through the United Nations to bring about a better state of affairs than we have now in that part of the world. There are some signs of hope in that regard.

MR. LOW: Has there been any inclination on the part of contributing nations to show the Arab state how to handle usefully the money we will contribute to take care of the Arab refugee situation so that it must be used for rehabilitation and not for mere maintenance?

HON. MR. PEARSON: That is quite a good point, Mr. Low. That is the stand we took last autumn at the assembly, and in conversations with governments concerned. Other governments have taken the same stand that unless progress can be demonstrated in the field of resettlement and rehabilitation, they will get no more money for relief only. As I said progress is being made in that direction now.

MR. STICK: When you say “us” you mean the United Nations?

Hon. Mr. PEARSON: I mean those countries in the United Nations which have contributed to this relief project.

Mr. PEARKES: What exactly are General Burns' responsibilities in that area?

Hon. Mr. PEARSON: General Burns is the chief of the United Nations Armistice Commission which is policing the frontiers and doing what it can to prevent incidents which might be more than incidents if they are allowed to go unchecked. We all know what could happen because of the Gaza incident a few months ago which nearly exploded into serious trouble. From all sides we get very generous and obviously genuine tributes to General Burns for the way he is doing the job.

Mr. PEARKES: He has no force at his disposal?

Hon. Mr. PEARSON: No, he has no forces apart from officers who patrol the frontier and try to prevent incidents. He has to rely on the governments. I think the Arab governments and Israel are represented on the Armistice commission. He does his best to keep things reasonably quiet, but it is not an easy assignment.

Mr. KNOWLES: A few moments ago you referred to the state of Israel as an aggressive state, and you said you used the word "aggressive" in the right sense. Can you tell us what you mean?

Hon. Mr. PEARSON: Perhaps I should have said "progressive." I do not think "aggressive" is necessarily a bad word.

Mr. KNOWLES: It has a connotation which might be misunderstood.

Hon. Mr. PEARSON: Yes, it has a bad connotation, and I certainly did not mean it to be a bad word in the context in which I used it. There is another development there which I just touched on yesterday. I think the state and the people of Israel feel themselves much more isolated now from the currents of international affairs and collective security because of the development of Middle East security pacts to which they have not been invited to adhere for obvious reasons. It seems to me that this feeling of isolation is not conducive to strengthening the feeling of security in Israel. If the people there feel they are isolated from collective international action that will surely encourage the extremist elements in their country—and there are extremist elements in all countries—who might counsel aggressive plans, using "aggressive" in the wrong sense.

Mr. DIEFENBAKER: What is the nature of the rehabilitation operations that are being proceeded with by the United Nations in order to remove the desperate position in which those refugees find themselves in those camps? They are hopeless in appearance and they show no desire on the part of the people to rehabilitate themselves. I am just wondering what is being done to remove that very serious problem which unless it is solved cannot help but continue to be a source of most grave difficulty?

Hon. Mr. PEARSON: It would probably be better if I produced a report on that which will give you an outline of the work accomplished in the last 12 or 18 months by the United Nations relief agencies particularly in relation to the rehabilitation plan. I have not got it before me but I can get it and it will show that in the last year, I think, more money was spent on rehabilitation than on relief. I am thinking, among other things, of the Jordan valley rehabilitation scheme. I will get more detailed information on that, Mr. Diefenbaker.

Mr. Low: Perhaps you could tell us what progress is being made in the solution of the Jordan waters problem. I think there was a reference made

to the security council in that connection and some grave difficulties arose as the consequence of an order to stop work or something of that kind.

Hon. Mr. PEARSON: That was the main project I was referring to, and I will try to get all the details we have on that project and circulate them to the members.

Mr. COLDWELL: There are soldiers on both sides of the river Jordan.

Hon. Mr. PEARSON: It is hard to work out a scheme if the political atmosphere is charged with tension.

Mr. MACNAUGHTON: Can you tell us who is the Canadian ambassador—I suppose I should know—and how many are on his staff, and what preparation has been made up to date for accommodation and whether there is an embassy and all the rest of it?

Hon. Mr. PEARSON: In Tel Aviv?

Mr. MACNAUGHTON: Yes, in Tel Aviv or wherever it may be in Israel.

Hon. Mr. PEARSON: Our ambassador to Greece, Mr. MacDermot, is also our representative in Israel. He spends part of his time in Israel and part of his time in Greece. We have a small resident in Israel with a *chargé d'affaires*, Mr. Kidd, and one secretary. There is a commercial secretary who is also resident in Athens and who goes to Israel when required. There is a vice consul and an *attaché*, but their duties are almost entirely concerned with immigration and consular matters.

Mr. MACNAUGHTON: Could he be called an immigration officer?

Hon. Mr. PEARSON: He is the vice consul. I think he is called vice consul. As a matter of fact, I am not sure whether or not he is an officer of the immigration department, but I do know his work is largely consular and immigration.

Mr. COLDWELL: Do they have satisfactory accommodation in Tel Aviv? They were hunting for it when I was there.

Hon. Mr. PEARSON: I think it has improved. I have not heard of any complaints in the last few months, so I think it must be better; but they did have a difficult time at the beginning.

Yesterday I said that I could make a statement on the Londong disarmament conference. I did not really deal with it in any detail yesterday, and some members of the committee expressed an interest in it. I believe that Mr. Diefenbaker also asked me for some further details about the implementation of the freedom of movement clauses of the armistice agreement regarding Indo-China, and I have a statement on that also if you would like me to proceed, Mr. Chairman.

The CHAIRMAN: If there are no more questions on the previous subject the minister has touched on, we might revert to the answers to questions which were asked yesterday.

Hon. Mr. PEARSON: The subcommittee of the United Nations disarmament committee—

Mr. STICK: Would you speak a little louder; it is difficult to hear?

Hon. Mr. PEARSON: The subcommittee of five which I mentioned yesterday which has adjourned until June 1st when it is to reconvene in New York, has been meeting in London for some weeks consequent upon a resolution of the United Nations assembly last autumn, the one which will always be remembered as the one which was carried unanimously. Our representative on that subcommittee in its earlier stages was our high commissioner, and when the work became heavier, we sent Mr. Johnson our permanent representative of the United Nations over to assist him.

The first proposal—I think this is an illustrative and possibly significant story of how difficult it is to conduct diplomatic negotiations of this kind with a communist state. I should mention first that it was hoped to avoid some of these difficulties by meeting in private. You know what it is like in New York at the United Nations when we talk about disarmament in public. It becomes to far too great an extent a propaganda conflict. I am not suggesting that all the blame is on one side, but you find yourself engaged, whether you wish it or not, in at least a defensive propaganda battle—you have to. This subcommittee was therefore supposed to meet in private in London so that negotiations could be carried on without regard to the afternoon editions—with all respect for afternoon editions. It was felt at this stage that this procedure provided the best opportunity for progress then later a report of that progress would be made to the United Nations full commission which meets in public. Now it has not quite worked out that way—I am talking about the technique of negotiation—because the Soviet representative on the subcommittee more than once when he had a statement to make gave it to Pravda or his own press, sometimes even before it was given to the subcommittee. Therefore, while I think on the western side a real effort was made to observe the confidential character of the negotiations it proved to be difficult, in view of the attitude taken first by Mr. Gromyko and then by Mr. Malik.

The conference began by a proposal from Mr. Gromyko that before anything else was to be done there should be agreement on the destruction of all nuclear stockpiles. That should be done first and at once. That was obviously a proposal that could not be accepted by the western side, and indeed it was not meant to be accepted. It meant in effect that the atomic race should be stopped with our side ahead and that we would then start over again from a position of equality, because there was no part of that proposal—the first proposal—which dealt with the subsequent prohibition of manufacture. I suppose that this first proposal was either for propaganda purposes to establish the right kind of propaganda atmosphere from the Soviet point of view, or it may have been something much simpler—may be Mr. Gromyko had not received his instructions from Moscow and wanted to “stall” for a few weeks. Anyway, after some time has been spent in discussing this proposal, it was made quite clear to the Soviet Union that if that was as far as they would go the committee would end its sittings at once. When the Soviet representative was faced with that possibility—in fact with that certainty—he backed away from his proposal and agreed to accept as the basis of the work of the subcommittee the United Nations resolution of last November and an Anglo-French memorandum on disarmament of last June.

That represented a step forward because the Anglo-French memorandum embodied the following proposals: that armaments should be “frozen” at existing levels as a first step and that there should then be reduction by stages, first a reduction in effectives, secondly the reduction of non-atomic weapons, and then, after that, the prohibition of all nuclear weapons, the whole process to be subject at all stages to a very strict form of international control. While there was basic agreement on principles it soon became clear in London that there was disagreement as to how those principles would be made effective. The disagreement at that time—I am talking of two or three months ago—centred first of all on the power and effectiveness of the control organ. That has been a point of difficulty from the first day disarmament was discussed at the United Nations. There was also a difference of opinion over the levels of reduction and even more important there was a difference of view as to when the stage of atomic prohibition should come into force. The Soviet delegate on this subcommittee at that time wanted the control organ in the initial stages to be temporary in character with little real power. He then wanted the prohibition of atomic weapons to be made simultaneously with the establishment of an effective control organ—not afterwards, but simultaneously. The western view was that

they could not agree to the prohibition of the manufacture and use of atomic weapons until an effective international agency for inspection and control was in active operation. There was a great deal of argument about that and in an effort to meet the Soviet position the four western powers did make certain concessions of detail—fairly important detail—which I need not go into fully. They agreed for instance that there should be a precise time-table for the various stages to meet the Soviet objection—which was not unreasonable—that if the scheme was to develop in stages and if no time limit was set the first stages might be prolonged to such a point that you might never reach the atomic stage. That argument was met by the western powers agreeing to a time-table for each stage. There were certain other concessions made which I need not discuss now in detail. But when the new proposal was brought forward three or four weeks ago in London embodying those concessions it was met—I was going to say with a contemptuous rebuff by Malik; if it was not contemptuous it was a very curt refusal even to consider it.

Once again it looked as if the subcommittee had reached the end of that particular road and would have to report back. But, as I said yesterday, I was making a report to the North Atlantic Treaty Council and at the very time I was making the report, almost at the very hour, Malik produced new proposals in London which have now been before the subcommittee for a couple of weeks. They are not really Russian proposals at all—they are substantially the Anglo-French proposals of last June which the Russians have now gone some distance towards accepting, in so far as limitation of arms is concerned.

For instance they have agreed that there should be a reduction of the level of effectives as proposed by the Anglo-French memorandum. The United States, the Soviet Union and China would have armed forces between one million and one and half millions, and the United Kingdom and French each 650,000. Conventional armaments would be reduced in proportion. It was proposed that nuclear weapons should be prohibited and that stockpiles of nuclear weapons should be eliminated when 75 per cent of the reduction of the armed forces had become effective. That was also in the Anglo-French plan. Malik accepted that. He also seems to have agreed to a form of words which appears to give the international control organ more power than Russia had previously permitted—as I said yesterday the form it would take is still a little uncertain. This international control organ should be in effective operation when disarmament begins. But—and you always have to look for the “but” in these proposals—there are some parts of the new Soviet proposal which certainly need to be closely examined and which are being examined at the present time. There is the point I mentioned about international inspection and control—whether that is to be completely unrestricted. Possibly even more important than that is the fact that the new Soviet proposals on the limitation of armaments are tied up with, and perhaps meant to be conditional on certain political proposals which are embodied in the document.

For instance the Russian memorandum said that all the occupation forces are to be withdrawn from Germany to their own frontiers, possibly before there could be any limitation on armaments. If that is the interpretation—and this is the kind of thing we have to find out—if it is meant that there cannot be any limitation on armaments even on this basis until all the forces in occupation are withdrawn to their own frontiers, that is the same thing as saying to the United States and to European countries that there can be no limitation on armaments and no prohibition of atomic warfare until the American forces are out of Europe and back in the United States. The Soviet representative, if he were here, would say “We are withdrawing our forces too.” But they would withdraw their forces through Poland to the Soviet border. And the Americans would withdraw theirs across the Atlantic.

All we can say then is that these last proposals have gone further in many respects toward meeting the western position than any that have previously been put forward and they should therefore be carefully examined; we should examine them also from another point of view to see whether they are tied up with political conditions which may not be acceptable. That process of examination is going on at the present time and there is to be a meeting of the subcommittee in New York next week at which the matter will be considered further. I would hope myself that one of the subjects to be discussed at the four power meeting to be held presumably in July—and I think this will turn out to be the case—will be this whole question of disarmament. I am not suggesting now that the foreign ministers, even less the heads of governments, will be in a position finally to deal with this matter, but if they and the foreign ministers can look at the problem in its broad aspect and agree on what lines progress can be made and try to disentangle some of these political conditions from the technical considerations, and above all create an atmosphere of confidence which we have not got now by solving some political problems, then there will be a far better chance for the disarmament committee of the United Nations to be successful in its work. This has been the case in the past because as we have learned from experience it is hard to have limitation of armaments in an atmosphere of fear and political uncertainty.

Mr. STARR: Is there any possibility of including the Russians to withdraw their forces from countries such as Poland, Czechoslovakia and so on?

Hon. Mr. PEARSON: That is one of the points in this Russian proposal which I have just mentioned—that the Soviet would withdraw their forces in Eastern Germany through Poland to their own frontiers.

Mr. STARR: What about their influence?

Hon. Mr. PEARSON: That is another matter. But even that particular proposal for the withdrawal of their forces is contingent on the United States withdrawing its forces from Europe to its own frontier. Of course the Soviet would say that they have no forces in Poland. I do not think they have, technically. It is also true however that the minister of Defence in Poland is Marshal Rokossowsky though he seems to have been born in Poland! There are Soviet forces in East Germany, and in essence this proposal means that they would take those forces from East Germany out through Poland to the Soviet Union, leaving the Polish army as it is; in their turn the Canadians and the Americans would withdraw across the Atlantic to their own frontiers.

Mr. STICK: As I understand it disarmament is a world issue. Do these proposals from Russia apply to Europe only or do they extend to Korea and the Far East.

Hon. Mr. PEARSON: The latest Russian proposal applies not merely to Europe but to all parts of the world. Indeed they have some political conditions attached which refer to the Far East.

Mr. STICK: What would be our position in the Far East then? Would we withdraw from Korea? What is the position with regard to the United Nations?

Hon. Mr. PEARSON: We have not very much to withdraw from Korea at the moment.

Mr. STICK: The United States have.

Hon. Mr. PEARSON: The most important feature of these Soviet proposals as they apply to Asia is first of all that the Chinese forces are to be reduced to one and a half millions. They do not say what kind of Chinese forces. And there is also a reference in these proposals to a settlement of outstanding

questions in the Far East "in accordance with the principles of sovereignty and territorial integrity". What does that mean?

That is one of the things we are trying to find out. What would it mean, for instance, in its application to the Formosa situation?

Mr. STARR: Further to my question on troop withdrawals—is there any proposal that after the withdrawal of troops from those countries the peoples concerned would be given the opportunity of a free vote supervised by some neutral organization such as the United Nations?

Hon. Mr. PEARSON: Of course, that has been the condition up to the present which has been insisted on by the western foreign ministers in their talks with the Soviet Union in so far as the unification of Germany is concerned—that there could be no unification of Germany until the people of the east, the communist part of Germany, as well as of the west, were given an opportunity to express their views at the kind of free elections to which we are accustomed. There has not been any suggestion that I know of that the same conditions should be attached to any eastern European countries now under communist rule. The Soviet Union would say, "It is not our business to tell these people what kind of government they should have. They have their own forms of government chosen by their own people now." That would be their answer.

This has a very important bearing though on a good deal of current talk about a neutralized buffer zone between the east and the west. We shall be hearing a lot about that in the next few weeks. We have heard a lot about it in recent weeks and I have no doubt that the discussions soon to begin in Belgrade—will not be unconnected with this idea.

I have heard suggestions from the other side of the iron curtain that there should be a "neutral zone" in the interests of peace and that this neutral zone should consist of countries like Sweden, Germany, Austria, Switzerland and Yugoslavia, but I have not heard any suggestion yet that it should include Poland, Czechoslovakia, Hungary, Roumania and Bulgaria. It may be—and I am just speculating now, Mr. Chairman—that at one of these forthcoming meetings the Soviet Union—and I do not want to anticipate any proposal they may make;—it may be that the Soviet Union would agree to the inclusion of those eastern European states in a buffer zone of neutralized countries as the price for German withdrawal from, presumably, the North Atlantic Treaty Organization and as a price for German unification. I think that if a proposal of that kind were made the suggestion which you have made, Mr. Starr, would be very revelant—that the people of those countries should be allowed to determine whether they wish to join a neutral group of that kind by a free plebiscite of their own. If that were made a condition—and it is not an unreasonable condition that the people should be allowed to express their will on that matter—we might not hear very much about that solution at ensuing talks.

Mr. PATTERSON: Mr. Pearson, would it be possible for members of the committee to get copies of the Soviet proposals for our information?

Hon. Mr. PEARSON: Yes. We would be glad to provide them.

Mr. FLEMING: Has the matter of Russian rule in the Baltic States been raised in the course of the present discussions?

Hon. Mr. PEARSON: Not to my knowledge. There has been no reference to that. But I do not know about all the subjects that may have been discussed during recent discussions between representatives of the "big four". I have no knowledge of any reference to the Baltic States.

Mr. FLEMING: Has the subject been closed diplomatically as far as the last several years are concerned?

Hon. Mr. PEARSON: I cannot think of any reference to this matter in international discussions of recent years.

Mr. FLEMING: It will be a pity if this were allowed to be closed. It is as excellent an example of the kind of aggression that has been condemned by the free world as is to be found anywhere.

Hon. Mr. PEARSON: It is a kind of communist colonialism if you like.

Mr. FLEMING: A pretty ruthless kind, too.

Mr. STUART: Would you mind expressing your views with regard to German neutrality?

Hon. Mr. PEARSON: I think it would be very wise to make a distinction in this matter between the neutralization of Austria and the neutralization of Germany. By "neutralization" and "neutrality" I do not mean that a country is to be prevented from having forces to defend itself. That is not the kind of "neutralization" that the Austrians have declared. As a matter of fact if my memory serves me right there is no limitation in the peace treaty on the forces which the Austrian Government can raise to defend its own neutrality. That is the kind of neutralization we have been talking about. But it does mean that a country which accepts that kind of neutralization cannot join any collective security organization because that would be inconsistent with neutralization or neutrality. The implication of that in respect to membership of the United Nations would have to be studied.

The Swiss did not hesitate to follow the logic of their convictions in this matter and refused to join the United Nations because they were neutral. How can a state be neutral and accept all the obligations of the United Nations Charter? Article 51 provides for collective defence, and the charter is based on the principle of collective defence to which all members are under the obligation to contribute in certain circumstances. So there is a bar, then, between neutralization and membership of the United Nations. I would point out also that neutralization has not meant immunity in the history of the past fifty years or freedom from involvement in war. Whether the re-united German people wish to remain neutral as a sovereign state is of course their business. We cannot in the long run tell them what they are to do and what they are not to do because they have been given back their sovereignty and one of the essential features of sovereignty is freedom to determine whether they should take part in international arrangements and obligations or whether to declare neutrality. But I think we can assume that Germany today and the German people will decide this problem for themselves in the wisest way. I think that this way would be to take part in collective action—in a collective arrangement brought about under article 51 of the United Nations Charter rather to look for security through isolation or neutralization.

Mr. STARR: If the Russian proposals were put into effect what would be the position of Germany?

Hon. Mr. PEARSON: I am not quite sure what you mean by "proposal".

Mr. STARR: The proposal you mentioned for the withdrawal of the troops.

Hon. Mr. PEARSON: If the Austrian Peace Treaty provisions were applied to Germany it would mean that Germany would be united. There would be no East Germany and no West Germany but one united Germany and that United Germany, by a declaration of a government of its own choosing, would decide to join neither side, neither the East nor the West, and presumably Germany would cease to be a member of NATO. But it would not mean that the German Government making that declaration would be prevented from raising forces far beyond the twelve divisions which Germany is entitled to raise under the Paris Agreement. She would be neutralized but she would not be

disarmed if the Austrian model were followed. She would have an army, but would not be associated with either bloc. I take it that would be the effect. I am not putting this forward as a desirable solution for either the unification of Germany or the defence of Europe. But that would be the effect.

Mr. CANNON: In connection with the Russian statement or the suggestion made by the Russians, you said something about settling Far Eastern problems "with due regard for national sovereignty and territorial integrity" or something on those lines. Has the subject of Hong Kong been considered or discussed in this connection? I think that would be of interest to members of the committee in view of the fact that two Canadian battalions were there during the last war.

Hon. Mr. PEARSON: I am sure that the subject of Hong Kong past present and future has been discussed many times since World War II but I cannot recollect it being discussed officially at any meeting in which I have taken part; it has not been discussed at any NATO meetings. But I do know that a great deal of consideration has been given to that problem.

Mr. CANNON: Would it be likely to be made an issue in the settlement of Far Eastern problems?

Hon. Mr. PEARSON: As far as I know it has not been raised by the present government of Peking. They have not raised it in the dispute over Formosa. They have not suggested that Hong Kong must be "liberated", so far as I know.

Mr. PEARKES: Does not the lease on the territory of Kowloon expire in the near future?

Hon. Mr. PEARSON: The chairman says it expires in 1997.

The CHAIRMAN: I think the date is 1997 for the New-Territories, as far as Kowloon it was ceded in 1860 without restrictions as to dates.

Mr. PEARKES: That would affect the whole of the situation in Hong Kong.

Mr. BALCER: What are the chances of Germany and Japan becoming members of the United Nations at the present time?

Hon Mr. PEARSON: If their applications come up at the next assembly I assume that unless the Soviet bloc alters its policies they would be vetoed. They could not possibly accept Japan as a member of the United Nations because the Soviet Union is still technically at war with Japan. As members of the committee know, the Soviet Union did not take part in or sign the peace treaty with Japan along with the other belligerent powers. So there is not much chance of Japan getting into the United Nations as long as the Soviet veto operates and so long as they have not signed a peace treaty with her. Similarly there is not much chance of the federal republic of Germany being admitted to the United Nations, I should think, until Germany is united, because if the Soviet Union were willing to waive the veto on the federal republic's application for membership—and they have not consented to that yet—they would undoubtedly insist that the Peoples' Republic of Germany in the east should also be allowed to join the United Nations. I do not think that would be very acceptable. So I doubt that we shall have the German and Japanese flags flying down there in New York for some time yet.

Mr. LUSBY: Is there any prospect of any new members being admitted?

Hon. Mr. PEARSON: They are committed to Austria. The Big Four agreed at Vienna I think that Austria should be admitted to the United Nations. That might take some time—I don't know. If they admit Austria they might do a deal over a lot of others. My own view is that the time has come when we should accept all these applications for members which are now before the United Nations. Some of them may not subscribe to our ideas of what

constitutes a peace-loving state, but I think it would probably be a good thing on the whole if they were all in; even Outer Mongolia.

Mr. FLEMING: Does that apply to Red China, too?

Hon. Mr. PEARSON: No. That is rather a different situation. China is not one of the applicants for membership in the sense that the other countries are. China is already in the United Nations; the dispute concerns which government should represent her. These other applications are from states.

Mr. CROLL: Why is the government of Ireland left out of it?

Hon. Mr. PEARSON: Ireland is kept out of it to the great disadvantage of the liveliness of sessions of the United Nations. The Communists have always said they would be glad to have Ireland in, but that as long as our side vetoes their friends, they would veto our friends.

Mr. CROLL: What countries have we excluded besides Red China?

Hon. Mr. PEARSON: We have not accepted Hungary, Roumania, Bulgaria, Albania, North Korea and Outer Mongolia.

Mr. JAMES: How many applications are outstanding?

Hon. Mr. PEARSON: Twenty-one applications. It is a disturbing prospect to think that if all twenty-one got in you would have to listen to twenty-one more speeches on every big occasion. We would have to reform the rules!

Mr. KNOWLES: That takes time.

Some Hon. MEMBER: Do you think you could cut them down to 30 minutes?

Hon. Mr. PEARSON: Not at the U. N.

Mr. KNOWLES: You said the big four were in favour of the admission of Austria. I take it you do not expect a veto from the fifth representative?

Hon. Mr. PEARSON: I do not know. However it is interesting that the big four have approved the admission of Austria—I am not sure whether it has been formally approved—but I think they have informally done so. At the same time they have also accepted the neutralization of Austria. Therefore there will have to be some effort to reconcile these two things because under the charter as I have said neutralization of that kind and membership in the United Nations are not consistent with each other. I am not sure how, but no doubt it will be arranged.

Mr. KNOWLES: As a related question, could you tell us whether the Chinese national representative on the security council has exercised a veto at any time recently?

Hon. Mr. PEARSON: Off hand I cannot remember the Chinese member of the security council exercising a veto except on one or two occasions when a veto had already been exercised by someone else—a permanent member. Two vetoes are not any more effective than one.

Mr. JAMES: Is that campaign that was fairly well developed in the United States against the U.N. still as strong as it was in 1953 or has it died down to some extent? We have not heard much about it lately.

Hon. Mr. PEARSON: I think there is still a great deal of support for the U.N. in the United States. There are also of course some against it, but how powerful they are, I do not know. I do know how articulate this feeling is against the U.N., but I do not think it is as powerful now as it was six months or a year ago. However, that is just my opinion. I think public opinion generally in the United States—and I am sure that applies to this country—is convinced that in the U.N. we still have an indispensable piece of machinery for the negotiation of international problems and the promotion of peace. You will find that this will be the sentiment expressed most frequently by those who will be speaking at the celebration at San Francisco, also on that occasion

there will also be meetings of a great many American organizations devoted to the U.N. and the ideals for which it stands.

Mr. BALCER: Mr. Pearson, do you foresee any new members of NATO in the near future?

Hon. Mr. PEARSON: No, I do not. I have no reason to believe there will be any new members. The matter has not been considered at recent meetings.

The CHAIRMAN: Are there any further questions this afternoon?

Mr. PEARKES: I have a question which does not relate to the opening statement made by the minister, and I do not know whether or not you would like to answer it now.

Hon. Mr. PEARSON: I would be glad to try, General Pearkes.

Mr. PEARKES: It is very simple.

Hon. Mr. PEARSON: When I made my opening statement I hope I made it clear that I was only dealing with a few things. There are many subjects I did not touch upon.

Mr. PEARKES: It is an entirely different subject.

The CHAIRMAN: It is quite in order.

Mr. PEARKES: I wonder if you could report the progress made by the committee set up last year to deal with the definition of territorial waters?

Hon. Mr. PEARSON: I would like to have a little notice of that question.

Mr. PEARKES: Could I give that as notice then?

Hon. Mr. PEARSON: It is an important subject of course, and I think I should say something about it tomorrow. You may have noticed there was a meeting of a few South American states a few weeks ago, and they agreed to extend their territorial waters jurisdiction to 200 miles into the Pacific. This is a far cry from the three-mile limit. Mr. Sinclair would probably be more authoritative on the subject than I, but I will try to say something tomorrow.

Mr. BELL: If we are going to jump around, could I ask about the Goa situation now? Where is Goa now?

Some hon. MEMBER: Where is it!

Mr. BELL: I mean that I know where it is, but how is the situation?

Hon. Mr. PEARSON: I think the Goa situation is just as it was. You might ask me where was it.

Mr. KNOWLES: Where is there to "Goa"!

Some hon. MEMBER: A pun!

Hon. Mr. PEARSON: This is a matter which has, of course, aroused strong feelings in Portugal and in India. There is a desire on the part of public opinion in India to include in the boundaries of the Indian state all of what they would call the remnants of European colonial domination—all European enclaves. The Indian government has made clear its views in this matter. As a result of negotiations with the government of France, they have taken over Pondicherry and one or two of the smaller French territories there. They have, of course, always indicated that this should be done peacefully and by negotiation. The Portuguese government and the Portuguese people have reacted very strongly to this suggestion on the part of India that Goa should be given up and they have stated very emphatically and on every possible occasion that Goa is not a colony but is part of Portugal and has been for a good many centuries; that it is just as unrealistic for the Indians to expect Goa to join India as it would be for Lisbon to join India. To any suggestion that this might be brought about they have opposed a strong and patriotic negative. That is where the matter now stands.

Mr. BALCER: Is there some agitation about the situation in Macao; was there any trouble made there?

Hon. Mr. PEARSON: No one has suggested that Macao will be returned to anyone, so far as I know. It is not a matter of dissention at the present time.

Mr. PEARKES: It is too valuable to each side, is it not?

Hon. Mr. PEARSON: I think the chairman visited there recently.

The CHAIRMAN: It is 19 undefended square miles which serves as an entry port.

Mr. STICK: I thought you were going to make another statement?

Hon. Mr. PEARSON: I have two or three statements in the process of preparation. I hope the committee will be indulgent enough to permit me to give them tomorrow. I promised to say something about Viet Nam and also about article two of NATO.

Perhaps you would permit me, Mr. Chairman, to mention one matter before I leave. There is to be, as you know, a meeting in Paris in July of NATO parliamentarians. This has been a spontaneous initiative on the part of parliamentarians and is not in that sense associated with governments. So far as this government is concerned—and I think this applies to the other governments—it is something that is to be welcomed because the more that members of parliament can see and hear about NATO and what it stands for and what it is doing the better it is I think for all concerned. I am not sure that all the member countries will have parliamentarians there, but any NATO member which wishes to send a delegation to Paris in July will be welcome to do so. Arrangements are being made for a program which it is hoped will be useful and instructive. These arrangements are being made by the secretariat of NATO. I think it should be made clear, if it needs to be—and perhaps it does not in this country—that the parliamentarians are going there on their own and will be expressing their own views as members of parliament; not necessarily the views of the government, because all parties will be represented. This is the kind of exchange of views between representatives of legislatures which may very well cut across national divisions. It is not a conference of governments. It is a conference for the exchange of views between members of parliament of various NATO countries.

Mr. MACNAUGHTON: What are the dates in July?

Hon. Mr. PEARSON: I think it opens on July 18.

Mr. FLEMING: May I turn to one other subject a little closer to home, Mr. Pearson. Is there anything you can add in order to bring us up to date since the last statement you made in the House on the subject of curtailment by the United States of imports of Canadian oil?

Hon. Mr. PEARSON: No, I do not know of any further development. I will check on that and see if there is anything I should say tomorrow. I think you know that the amendment to H.R. 1 which would have provided for curtailment of imports of oil was defeated.

Mr. FLEMING: In committee, was it not?

Hon. Mr. PEARSON: Yes.

Mr. FLEMING: In committee only.

Hon. Mr. PEARSON: I do not think the matter has been considered since then by Congress but I shall check on that, Mr. Fleming, and make a report tomorrow.

The CHAIRMAN: We have a lot of work to do, and many items to deal with at a later date. We will have Mr. Pearson with us again tomorrow and although he will be with us on many other occasions we are anxious to dispose of his evidence as early as we can in order that we may discuss the estimates proper. I would therefore request members of the committee to formulate their questions and ideas so that the minister can deal with them and will not be kept here for too many meetings. In past years, you see, we have had the minister for about two or three meetings. Tomorrow will be our third meeting, and on Friday we are having Dr. H. L. Keenleyside in the morning and perhaps at the same time we could have Mr. Nik Cavell. Perhaps we could then start discussing the estimates on the Colombo Plan at the same time which would not prevent us coming back to it if some members need more information. This is to serve as notice that the session is getting on. Usually we have at least 16 meetings of this committee on estimates proper, and I would like to begin a discussion of the estimates proper as quickly as possible.

Mr. FLEMING: In order to assist with the discussion of the estimates, could we be furnished by the department as in previous sessions with a breakdown of the expenditures as well as of the estimates for the current year?

Hon. Mr. PEARSON: Yes.

Mr. FLEMING: If we could have them in advance of the meeting at which we will begin to discuss the estimates I think it would facilitate our work and expedite our task.

Hon. Mr. PEARSON: They can be circulated to members of the committee in advance at any time.

Mr. FLEMING: I think it would help us to proceed more quickly.

Mr. STICK: Might I just point out that if you are going to discuss the international waters you will have a whole session on that.

The CHAIRMAN: I did not say that; do you mean the Colombo Plan?

Mr. STICK: No, the question of international waters raised by General Pearkes.

Mr. MACNAUGHTON: You mean territorial waters.

Mr. STICK: Yes.

Hon. Mr. PEARSON: My report on that will be restricted to the international discussions now going on with regard to territorial waters.

Mr. STICK: We discussed that fully two years ago in the fisheries committee, and I am prepared to discuss it again now.

Hon. Mr. PEARSON: I would be very glad to be relieved from the necessity of going into it and if I could just refer General Pearkes to the fisheries report of two years ago it might help me.

Mr. PEARCES: Thank you, Mr. Pearson, but I happened to be a member of that committee. I heard all about it and I considered that it was unfinished business.

The CHAIRMAN: I think if a member asks a question we should leave it up to the minister as to what length of time he wishes to devote to each answer.

The minister has indicated that he is now prepared to proceed with a statement concerning Indo-China and it is only because some of the members who might be interested in it are absent that he has hesitated in beginning,

but I think it would be in order for him to proceed in case some other matters come up tomorrow and we would not want to bring the minister back again next week to answer more questions. Perhaps it would be all right to proceed at this point.

Hon. Mr. PEARSON: My hesitation is due to the fact that Mr. Diefenbaker raised this question and he is not here, but I could give my statement either now or tomorrow.

Mr. PEARKES: He was anxious to speak on a bill in the House.

The CHAIRMAN: Then we will stand adjourned until tomorrow at 3.30 at which time we will meet in room 16.

APPENDIX I

DECLARATION OF SUPREME SOVIET OF UNION OF SOVIET SOCIALIST
REPUBLICS

The Supreme Soviet of the Union of Soviet Socialist Republics deems it its duty to draw the attention of the peoples and parliaments of all states to the situation which is taking shape in Europe, in Asia and also in other areas of the world and which is largely intensifying the tension in international relations and the threat to the security of the peoples.

In Europe military groupings of certain states are being formed which are directed against other European states. A dangerous policy is being pursued of restoring German militarism, which still quite recently unleashed a world war which brought innumerable disasters to the peoples.

There is being created the danger that Europe may become the arena of a new war. Such a war will inevitably turn into a new world war.

The situation in Asia and in the Far East also cannot but give rise to anxiety for the fate of peace. It is the duty of all peoples not to allow a war there either and to guard the national rights of the peoples of Asia, their independence and sovereignty.

The arms race and the organisation of military bases on foreign territories, which are accompanying the policy of setting up military blocs, are continuing and are increasing the tension in relations between states.

An atomic war is being prepared in secret from the peoples. At the same time account is not being taken of the fact that a destructive atomic war would entail colossal destruction and innumerable losses of life, especially in states with a very high concentration of population and industry on small territories.

Despite the fact that the United Nations Organisation has recognized war propaganda as impermissible and has condemned it, in certain countries there can be heard open and unrestrained appeals for a new war, for the use of atomic weapons, which are not meeting with a rebuff.

All this demands that the states which are striving to maintain and strengthen peace should multiply their efforts directed towards such lofty aims as the formation of a collective security system in Europe and towards eliminating foreign interference in the internal affairs of other peoples, which at the present time is of special importance for maintaining peace in the Far East.

The Soviet Union considers that it is essential to put an end to the arms race. It is essential to decide without delay the question of the universal curtailment of armaments and, first and foremost, the question of a considerable curtailment of the armaments of large states. Atomic and all other weapons of mass destruction must be prohibited. The implementation of corresponding measures must be ensured by effective international control.

The Supreme Soviet of the Union of Soviet Socialist Republics attaches exceptional importance to the idea that relations between states, great and small, should be based on such international principles as would correspond to the interests of the development of friendly co-operation among the peoples in conditions of peaceful, calm life.

It is essential that relations between states should be based on principles of equality, on non-interference in internal affairs, non-aggression and the renunciation of encroachments on the territorial integrity of other states, on respect for sovereignty and national independence.

The observance of these principles, which have already been made the basis of relations with other countries by such states as the Soviet Union, the Chinese People's Republic, India and a whole number of other states, ensures the peaceful coexistence of states irrespective of their social and state systems.

The peoples are vitally interested in the strengthening of universal peace. They have a full opportunity of preventing a new war, since the forces of peace are steadily growing and are now already mightier than the forces of aggression and war.

The Soviet Union, relying on the indestructible unity of its peoples, on its inexhaustible resources, is filled with determination to guarantee the peaceful labour of its citizens and to guard them against any encroachment from outside. Other peoples, as before, will find in the Soviet State a firm, indestructible support in the struggle for peace and progress.

The Supreme Soviet of the Union of Soviet Socialist Republics recognizes that great responsibility lies on parliaments for the preservation and strengthening of peace. It is they who pass legislative acts on questions of war and peace.

The Supreme Soviet of the Union of Soviet Socialist Republics considers that the establishment of direct links between parliaments, the exchange of parliamentary delegations and speeches by parliamentary delegations of one country in the parliament of another country will correspond to the desire of the peoples for the development of friendly relation and for co-operation.

The Supreme Soviet of the Union of Soviet Socialist Republics will sincerely welcome any steps by parliaments of other states directed towards the strengthening of peace among the peoples.

Moscow, Kremlin.

February 9, 1955.



HOUSE OF COMMONS

Second Session—Twenty-second Parliament

1955

Government
Publications

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 14

THURSDAY, MAY 26, 1955

MAIN ESTIMATES OF THE DEPARTMENT OF
EXTERNAL AFFAIRS

Statements by The Honourable The Secretary of State for External
Affairs, Mr. L. B. Pearson.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955

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Antonio Plouffe
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, May 26, 1955.
(23)

The Standing Committee on External Affairs met this day at 3.30 o'clock. Mr. L. Philippe Picard, Chairman, presided.

Members present: Miss Aitken and Messrs. Bell, Boisvert, Breton, Cannon, Cardin, Coldwell, Crestohl, Diefenbaker, Fleming, Garland, Herridge, Knowles, Lusby, McMillan, Patterson, Pearkes, Starr, Stick, Stuart (*Charlotte*), Studer—22.

In attendance: The Hon. the Secretary of State for External Affairs, Mr. L. B. Pearson; Mr. Jules Leger, Under Secretary; Mr. R. M. Macdonnell, Assistant Under Secretary and Mr. A. S. McGill, Executive Assistant.

The Committee continued its examination of the Main Estimates (1955-56) of the Department of External Affairs.

The Honourable the Secretary of State for External Affairs, in answer to previous questions read statements on:

1.—Article 14(d) of the Armistice Agreement in Indo-China dealing with the freedom of movement of civilians.

2.—Article 2 of said Agreement respecting economic collaboration, social and cultural cooperation, etc.

3.—Some aspects of NATO Committees.

4.—Import of commodities.

5.—Territorial waters.

6.—Trade exhibits abroad.

7.—Rehabilitation in Palestine (UNRWA).

8.—Fate of sixteen Leaders of Polish Underground arrested by the Soviet Union in 1945.

9.—Defence Cooperation with the United States of America.

The Minister commented on the administrative expansion of his Department and the establishment of new missions abroad.

The Chairman informed the members that copies of the annual summary of Departmental Estimates (1955-56), now being available, would be distributed in advance. He added that copies of the U.S.S.R. Proposal on disarmament of May 10th, 1955, (a U.N. document) referred to by the Minister at a previous meeting, would also be mailed to the members of the Committee.

At 5.25 o'clock the Committee adjourned until Friday, May 27, at 11.00 o'clock, to hear, as scheduled, Dr. H. L. Keenleyside, of the United Nations.

Antonio Plouffe,
Clerk of the Committee.

EVIDENCE

MAY 26, 1955.
3.30 p.m.

The CHAIRMAN: Well, gentlemen, I think we have a quorum and the minister is ready to answer some of the questions that were left pending from the last meeting, so we will give him the floor.

Mr. STICK: I thought the minister was going to make a statement on Indo-China.

The CHAIRMAN: That will be made in the course of the answer to one of the questions.

Hon. L. B. PEARSON, Secretary of State for External Affairs: The first point I should deal with in answering the questions which were previously raised is that which concerns the armistice provisions in Indo-China, more particularly the provision dealing with freedom of movement and how this is being implemented. Mr. Diefenbaker raised this question the other day and I said I would try to get further details as to how this part of the agreement is operating. I have a statement on it which I would be glad to read to the committee. This statement, Mr. Chairman, deals with certain of the difficulties which the international commission in Vietnam is encountering in its endeavours to see that article 14(d)—the article of the agreement which provides for this movement of civilians—is being carried out.

In Indo-China, as members of the committee know, the Civil War was fought in many parts of Vietnam and forces of the two sides were scattered over the whole country. In that respect the situation was not the same as in Korea. The military line which was established in the cease fire agreement bore no relation to any fighting line. It divided the country roughly in two and made necessary elaborate procedures for the withdrawal and transfer of forces to either side of the demarcation line. The consequence of these transfers was that the civil population which in many areas had been closely associated over a number of years with the military forces of one side suddenly found themselves under the jurisdiction of the other part. To ensure that these civilian groups would not suffer unduly as a result of this situation, the cease fire agreement worked out in Geneva provided that those who wished to leave one zone and go to live in the other zone should be permitted and helped to do so by the party in control of the zone in which they lived. For those who decided not to leave their home and not to go and live in the other zone even if their sympathies were with the other side, the agreement specified that there should be no discrimination and that these people together with the other residents should be assured of what was called their democratic freedoms. Anxiety has been expressed in Canada and elsewhere that the international commission has not taken sufficient cognizance of situations in which the Viet Minh in the northern zone are alleged to be preventing civilians in North Vietnam from leaving for the south in accordance with their wishes and their rights under the cease fire agreement.

In dealing with complaints about freedom of movement—and indeed with other complaints—the international commission, as a quasi-judicial body, cannot take action or make recommendations on the basis of hearsay evidence of the kind which provides the material for press reports. The commission must

gather in its own evidence, and then must try to reach agreement on its interpretation. Neither is an easy process especially in a commission composed as is the one in Vietnam.

If the commission were able to send inspection teams without advance notice to investigate complaints, it might be easier to get at the real facts. Even this would require agreement within the commission that the investigation was desirable and should be carried out in a certain way, an agreement that might be reached only after considerable discussion and delay. But in any event, these investigations cannot be conducted without the assistance of the two governments who are parties to the cease fire agreement. That is the kind of agreement it is. In such matters as transportation, security and accommodation, the inspection teams must rely on the facilities provided by the authorities of the territory in question. Considerable time can be spent in working out these arrangements and when the investigation does take place it is not impossible that the scene will have changed.

I can perhaps illustrate the difficulties by citing a hypothetical case. The commission receives a complaint that a group of refugees at village X is trying desperately to go to the other zone and is prevented from doing so by the local authorities. A proposal is made that an inspection team be sent immediately to investigate. Objections to this course may be advanced on the ground for example that the complaint lacks substance, or it may be proposed that a quite unnecessary investigation be conducted at the same time on the other side of the demarcation line allegedly in the interests of reciprocity. Time is spent in discussion but in the end it is decided to send a team and the government concerned is notified. Even if that government agrees at once to the investigation (which can by no means be counted on) it is found that a day or two or even more is required to make the necessary administrative arrangements for the visit. There may be failure of communications, or a misunderstanding of instructions from headquarters on the part of local commanders. By the time all this is straightened out, and the team visits village X, conditions may have changed appreciably but the extent of the change, if any, is often incapable of proof.

Let us assume, however, that the inspection team finds a sizeable group of people who want to go to the other zone. They may be told conflicting stories by the refugees and by the local authorities. The latter may claim that they are anxious to assist the movement but that the refugees have not yet complied with local regulations about applying for permits to leave. They may point to the need to assure themselves that no criminals or tax-dodgers are taking this way of evading their obligations. Any number of superficially plausible reasons may be advanced to account for what seems like simple obstruction. Moreover, it is readily understandable that would-be refugees may be reluctant to speak freely. All in all it is a tangled story that the three-nation team, an Indian, a Pole and a Canadian must try to analyze and report on. In its turn, the commission, when it receives the team's report, often finds it not easy to agree on what is the truth.

I think I have said enough to indicate the possibilities that exist both for causing delays and for obscuring the facts. One may believe strongly that there has been interference with refugees, yet be unable in a particular case to convince a three-member commission that this is so. Nevertheless it should not be thought that these investigations have been a waste of time—far from it. They have represented steady pressure on the parties to make it difficult and embarrassing for them to fail to live up to their obligations if they were so minded. The investigations have uncovered situations which made it possible to press effectively for remedial action. In certain cases where general promises have not been carried out, the investigations have revealed this fact

and have enabled the commission to insist with some success on changes. I am satisfied—and we have given this matter all of the examination we have been able to, and which it deserves—that without the steady pressure exerted by the international commission far fewer refugees would have gone from north to south. I am also, as you know, convinced that not all who wish to leave have been able to do so despite the difficulties I mentioned earlier in the way of finding concrete proof for this statement. Fear of possible consequences—whether justified or not—can be quite as effective as a company of soldiers in preventing a man from exercising his rights to move from one zone to another, or, indeed, from talking about it.

We have had to work with the Agreement negotiated at Geneva. Given the limited powers of the existing commission and the political circumstances in which they have had to operate, it is regrettable but understandable that it has not been able to do more. At all events, I can assure the committee that our Canadian representatives at all levels—the members of the Fixed and Mobile Inspection Teams, those serving on committees of the commissions and as advisers, and the Commissioner himself—have spared no effort to find and present the facts in their proper light and to press for just and humane solutions of the difficult problems with which they are dealing.

The period for freedom of movement in accordance with the conditions laid down in the cease fire agreement expired on May 18. The international commission is currently making an assessment of the situation to determine the extent of the remaining problem, and the possibility of an extension is being considered as I indicated the day before yesterday. I understand that the Government of North Vietnam has actually proposed a short extension, as a result, perhaps, of proposals which were made to the Soviet Union by the United Kingdom after the third report of the International commission had been submitted to the two co-chairmen—the United Kingdom and Soviet Foreign Ministers. This proposal will have to be examined carefully. If Article 14(d) in the agreement has not been satisfactorily carried out in 300 days, the mere addition of another 30 or 60 days will not necessarily assure that the problem will be cleared up.

I would not wish it to be thought that failure by the parties to agree upon an extension or to discharge their obligations in an extended period, will necessarily mean that the border is sealed for ever or that the matter is permanently closed. The obligation on the parties under Article 14(d) is to permit and help those civilians who wish to do so to move from one zone to the other. Although the provisions of Article 14(d) have now lapsed, the parties continue to have obligations under Article 14(c) which states that "Each party undertakes to refrain from any reprisals or discrimination against persons or organizations on account of their activities during the hostilities and to guarantee their democratic liberties". The cease fire agreement does not say what these democratic liberties are, but the possibility that they may be interpreted to include the liberty for a person to move from one part of his country to another will, I am sure, be explored by the interested parties.

Furthermore, the Final Declaration of the Geneva Conference states that the essential purpose of the agreement in Vietnam is to settle military questions with a view to ending hostilities and that the military demarcation line is provisional and should not in any way be interpreted as constituting a political or territorial boundary. The conference expressed its conviction that the execution of the provisions in the Final Declaration and in the Cease Fire Agreement would create the necessary basis for the achievement in the near future of a political settlement in Vietnam. This statement applies to the execution of the provisions with respect to freedom of movement as well as to the other provisions in the agreement.

And so Mr. Chairman our representative on the commission will continue to do everything he can to see that this part of the armistice agreement is implemented irrespective of the time limit.

Mr. DIEFENBAKER: Has the minister any idea how many have travelled from north to south?

Hon. Mr. PEARSON: I was asked that question the other day and I had to ask to be excused from answering it. We have some figures and I would be glad to give them to my hon. friend in confidence. I can say that there are many, many thousands who have got through.

Mr. COLDWELL: What about the traffic the other way?

Hon. Mr. PEARSON: There is very little traffic the other way—a few hundred, I should think, maybe a few thousand, but nothing comparable to the figures of movement from north to south.

Mr. STICK: Did the governments of Viet Minh and Vietnam sign this agreement at the Geneva Conference or did others sign on their behalf?

Hon. Mr. PEARSON: The Communist Government signed the agreement at Geneva, but the government in the south at Vietnam did not sign the agreement. France did sign the agreement for the French Union, however, and the French Union at that time did include Vietnam so while the government of Premier Diem in the south might claim that it is not bound by the armistice agreement the French Government did sign the agreement at Geneva respecting that part of Indo-China. Viet Minh signed it on their own.

The CHAIRMAN: Are there any more questions on this subject of Indo-China?

Mr. DIEFENBAKER: I have one question to ask arising out of that answer. Are many of these people in the north who want to move to the south Christians?

Hon. Mr. PEARSON: A great many are Christians. A high proportion of those who have left are Catholic refugees.

Mr. McMILLAN: The minister spoke of a report of the International Commission. Is that report unanimous?

Hon. Mr. PEARSON: The first two reports of the International Commission to the chairman of the Geneva Conference were unanimous. The third report has not yet been published. It is now in the hands of the two chairmen of the conference and it cannot be published until publication is authorized by them. We expect that that authorization will be received very shortly and when that report is published you will note from it that the Canadian position with regard to the implementation of this article has been made clear and stands on its own. There is not what you might call a minority report, but there is a statement of our position on certain things which have been done—or not done—under this article.

Mr. STICK: I am somewhat confused about this. I understand that we are one of the three commissioners and that we are acting now under the authority of the Geneva Conference. When reports become available they go to this authority and not to the Canadian Government. Is that the situation?

Hon. Mr. PEARSON: Under the armistice agreement the reports are made to the chairmen of the Geneva Conference. They are also referred to the governments of the three members of the commission. It is true that authorization of publication is in the hands of the chairmen but in the case of the first two reports there was no difference of view expressed and publication was quickly authorized. I think publication of this report will be authorized soon.

Mr. STICK: Does this situation tie in with the United Nations in any way at all?

Hon. Mr. PEARSON: No, not in any way. This commission has nothing to do with the United Nations.

Mr. COLDWELL: Regardless of the fact that this report has not been published, I understood you to say that Canada has made certain reservations. Can you tell us what those reservations are?

Hon. Mr. PEARSON: In a general way they are observations designed to express our dissatisfaction at the way article 14 (d) has been implemented in the north. They are not technically speaking formal reservations.

Mr. STARR: Is this trouble in Vietnam a strictly local problem or is there any outside cause?

Hon. Mr. PEARSON: I doubt if you could consider any problem in any country in which international communism is involved as a strictly local problem, but the commission has to deal with the local government on the spot. That local government is the communist Viet Minh government in the north. There is a non-communist government in the south.

Mr. STICK: Thailand seems to be mixed up in this and there seems to be trouble on the border line of Thailand. Has Thailand made any representations to this commission? Is the commission responsible in any way for Thailand?

Hon. Mr. PEARSON: No. They have been preoccupied in Thailand about activity on their border—Chiang Kai-shek troops, I think, on the Burmese-Thailand border; and also on the border between Laos and Thailand there has been something to worry the Thailand Government.

Mr. STICK: There seems to be some agitation on the borders of Thailand and Viet Minh. Would the commission have any authority in respect of this?

Hon. Mr. PEARSON: The Thailand Government would have the right to apply to the Geneva Conference requesting the matter in which it was interested to be taken up the international commission. That would be for the two chairmen of the conference to consider. If there were a map here you would notice at once the important strategic position of the northern part of Laos in respect of Thailand. And that northern area of Laos is the area where at the end of hostilities there were Pathet-Lao or communist forces. They are still there and the Laos commission had some difficulty in establishing the relationship of those forces to the government of Laos and that has been a difficult problem. The Thailand government had an interest in the solution of that problem.

Mr. COLDWELL: In respect to these Chiang Kai-shek troops on the border, were they removed?

Hon. Mr. PEARSON: A great many of them have been removed. That problem has been sensibly reduced in size and there are only a few thousand now; they are really bandits and the government of Chiang Kai-shek has practically no control over them. Most of them have been removed to Formosa.

Mr. CRESTOHL: Has there been apparent any pattern of behaviour in these various divided countries, those which are controlled by the communist regimes?

Hon. Mr. PEARSON: Yes. There has been a pattern of behaviour in all these countries which are divided and where the communists and non-communists face each other sometimes under international supervision. The techniques, the policies and the political strategy have an interesting relationship to each other in all the communist areas concerned. I suppose that is not unnatural because communism as a political doctrine is international in scope and international in operation if not always international in control.

Mr. CRESTOHL: I was always wondering whether the local governments that we suspect of being influenced by communist thinking follow that pattern?

Hon. Mr. PEARSON: I think they do, but with variations. I think it is true to say that the communist government in Vietnam is also an intensely nationalist as well as a communist government. That is one of the sources of its power and one reason for its success in the wars which were brought to an end last year.

Mr. HERRIDGE: What is the estimated population in the country?

Hon. Mr. PEARSON: I think the total population is about 22 million. The division of population may be about 50-50 so far as one can determine.

Mr. CANNON: In connection with the Chiang Kai-shek troops still in Burma, in reference to which you used the word "bandit", would it be fair to say all those who wanted to go to Formosa have gone?

Hon. Mr. PEARSON: That is my understanding. There was an opportunity given for them to go and pressure brought to bear on them to go: quite an airlift was organized and those who did not go have rejected the political authority of Chiang Kai-shek or anybody else and are living off the country on their own in that wild border land between Burma and Thailand.

Mr. PATTERSON: Have there been any evacuated since Chiang Kai-shek dissolved them?

Hon. Mr. PEARSON: I do not know of any evacuated in recent months since that operation was concluded, but they seem to be diminishing in size and numbers even as bandits. I suppose nature is taking its toll. The local authorities in Burma are pushing them around.

Mr. PATTERSON: Is there any indication they are being absorbed into the national life?

Hon. Mr. PEARSON: I have seen reports that there have been desertions, that they have reduced in size, and that the Burmese government is managing to take over some of the areas where they have been operating. I do not think it is now a very serious problem, at least in comparison to the problem it was a few years ago.

The CHAIRMAN: Are there any further questions on Indo-China or South East Asia? If not, the minister will pass on to the other matters that were dealt with by the committee.

Hon. Mr. PEARSON: Some questions were asked the other day about the implementation of article II and I said I would make a statement on that. I did try to explain the other day that a very important part of article II was political consultation and coordination of foreign policies. I do not think I need to say much more about that.

But there are other aspects of article II. Economic cooperation has been considered, though nothing much has been done under article II. Social and cultural cooperation, exchange of information between NATO countries and movement and mobility of labour. The approach to the implementation of article II has been pragmatic. It may be that we thought more could have been done under article II a few years ago than has proved to be possible, but that does not mean we should not continue to do all we can to work it out even as a long range problem. It really in essence means we should, under article II work toward every practicable form of cooperation in the non-military field in building up what we have called the Atlantic community. That community, of course, cannot easily be defined; but it is I think reflected in growing consultation and a feeling of community within the group. It does not necessarily have to express itself always and immediately in institutional terms. For instance, in the North Atlantic Organization we have an Annual Review Committee which primarily reviews defence collaboration, training, defence plans, and projects for the coming year. But it does consider

economic problems connected with defence and it does consider other aspects of cooperation flowing out of defence and some indeed that are not primarily matter of military defense.

We had a committee under NATO that looked into the question of economic collaboration and we found—I have said this before—that it would be a mistake to use article II to build up economic machinery within NATO which would duplicate international machinery in the United Nations or under GATT, or OEEC which is turning out to be an effective agency for economic collaboration. While OEEC is a larger body than NATO in the sense that all European countries belong to it, it does not include the United States and Canada, it does include however all the free European countries some of whom are not members of NATO. The Association of the United States and Canada with OEEC is getting closer all the time. We now have some high officials in Paris connected with NATO who spend much of their time in liaison work with OEEC.

There are also certain committees which have been set up under NATO dealing with non-military questions. There is the working group on labour mobility which has been working since 1953. That committee is studying the problem of facilitating labour mobility in and between NATO countries. It has been up to the present more immediately concerned with the movement of labour within European countries. We have been a little worried that a committee of this kind should again overlap other international agencies which are concerned with migration problems; such things as the International Labour Organization and the Inter-Governmental Committee for European Migration. This committee of NATO has, however, submitted reports to the council on trends in employment, labour mobility and migration and action taken by member governments and international organizations in this field.

There is also a standing committee which is meeting regularly on information and cultural relations, of which the Canadian member of the permanent council is chairman. That committee has made useful progress in the development of modest but practical projects designed to increase cooperation and understanding among members of the Atlantic community. We have, as a matter of fact, in Ottawa at the moment, one evidence of the useful work of that committee in the visit we are now receiving from a body of NATO journalists. This group organizes visits of that kind among other things.

Then, there is the committee dealing with emergency planning. That is primarily for European emergency planning but we have kept in contact with it also. There is the committee on civil organization in time of war which makes recommendations based on its analysis of the problems member governments might have to face in the civilian field in time of war. That committee has set up three sub-committees to deal with specific aspects of civilian emergency planning: (1) civil defence planning; (2) a committee on refugees and evacuees; and (3) a medical committee.

There is also a planning board for ocean shipping which has been mentioned on previous occasions and which is working out plans for the most efficient use of the available NATO shipping in times of emergencies.

Then, there is a planning board for European inland surface transport which considers the coordination in time of crisis of the use of roads, railways and canals and ports of western Europe. They have done a great deal of work in this very important matter and have detailed plans to put into effect in time of emergency.

There is a committee on wartime commodity problems which, with sub-committees studies the difficulties which might arise in particular commodity fields in wartime and recommends what measures can be usefully taken in

advance to overcome or at least to minimize them. There are subcommittees under this committee dealing with petroleum planning, coal and steel planning, food and agriculture planning, and industrial raw materials planning.

So there is a certain amount of work being done in this field although I know it is a disappointment to many that there has not been much more done.

Mr. STICK: May I ask about the BENELUX countries. Is there any progress being made on that. I understand that Belgium, Holland and Luxembourg came to a customs agreement. Could that be extended to other countries of NATO in Europe?

Hon. Mr. PEARSON: This is a very good illustration of some of the difficulties I have just mentioned about trying to use article II for this particular purpose. The BENELUX Customs Union was something which developed because of the particular circumstances of the three countries concerned. It would be impracticable at the present time to extend that to all the members of NATO. It would be difficult if it were extended to some of the members and not to others. For one thing, there is the United States and I do not know whether they would be willing to join such a customs union which included Canada. There are times when I think this might be a good thing and there are other times when I wonder. BENELUX is a very good example of the natural development of economic cooperation; it subscribes to the spirit of article II. Similarly there have been discussions going on, also in the spirit of article II, on closer economic collaboration between Italy and France and within recent months between France and Germany.

Mr. STICK: I had that in mind when I asked the question. I knew something about Belgium, Holland and Luxembourg and was wondering if Germany could come in on that.

Hon. Mr. PEARSON: It may, but we have one worry as an overseas country in these developments. We can hardly complain about anything which brings about closer union of European countries but we do not want to see Europe become a closely knit tariff entity against the rest of the world. Our commercial policies in the past have been to widen the arrangements for the freest possible trade. That is why we have hoped and still hope than an international agency like GATT would become more and more effective. From our point of view it is better because it is wider in area and scope than is article II of NATO in the economic field.

Mr. STICK: There is nothing in all this to prevent France and Italy from coming into an economic union from a customs standpoint except their obligations under GATT I suppose.

Hon. Mr. PEARSON: We would be very preoccupied with the terms of such a union and the effect of that union on the trade of either country with Canada.

Mr. COLDWELL: There has been a considerable amount of economic integration in Europe through OEEC. It has always seemed to me that through NATO we might start a much larger world organization to bring about more cooperation among the NATO countries extending, through GATT if you like, across the world but that we have not laid sufficient stress on article II in trying to get NATO to perform that very important function. If Europe becomes a closed area—and as a matter of fact there is practically a closed area in the sterling area—anything we can do to widen that and bring more cooperation by using article II of NATO would be beneficial to us particularly in Canada.

Mr. DIFENBAKER: I was wondering what you meant a while ago when you said a tariff union in Europe might be detrimental to us. A tariff union, as I understood you to say, might be detrimental to us. Do you mean by that a non-tariff union?

Hon. Mr. PEARSON: No. I meant that—and I give this as a hypothetical situation—if the European countries came together in a tariff union, one consequence of which was preferential trading within those European countries at the expense of imports from overseas countries, we might want to look at that carefully before we gave it our blessing. If there were certain financial and currency arrangements inside that union which put the currencies of those countries on a preferential basis that again might react to our disadvantage.

While we would have to watch these things pretty carefully, from the point of view of protecting our own interests, we could hardly object to movements which bring about closer political and economic integration of the European continent because that is one of our major objectives in the free world.

Mr. DIEFENBAKER: That is why I asked the question. One of the statements you made abroad the last time was that you believed that a closer economic integration was taking place and I thought that was a commendable viewpoint.

Mr. CRESTOHL: What attention are we paying to the continent of Africa which is in many ways virgin territory tradewise? I do know other countries are penetrating into Africa and seeking markets there. What about Canada?

Hon. Mr. PEARSON: We have been strengthening our trade position in Africa and have been making trade agreements with African countries. The latest I think is with Ethiopia where there is much activity in which Canadians are playing a part. There are very important things happening in Africa now; not only in the political but also in the economic sphere and we should be very alive to the importance of that.

Mr. CRESTOHL: I thought that the committee might be interested in knowing I had occasion to visit Africa several months ago and at one point I was distressed at finding in the high chamber of one of the ministers of government of Ethiopia literature which was surely communistic. I was astounded and I reported the matter to the British ambassador and to the American ambassador who dealt with it. I was wondering, are we aware of the penetration of communism into virgin territory?

Hon. Mr. PEARSON: I think we are because it is happening in Africa, and with even greater effect in India. The cominform is devoting a great deal of its energies to that kind of "assistance", whereas we have been expending most of our resources on economic and material assistance. They have been doing a great deal in flooding Asian and African countries with communist literature, and not only communist literature—nationalist literature also—cheap editions of books which would serve their purposes but which are not technically communist. You would notice that particularly in a country like India where the average income is very low and where there is not much money available for the purchase of books. But Indians can obtain this type of literature for a few pennies which certainly do not cover even the cost of publication.

Mr. COLDWELL: In so many instances the attitude we have taken towards the colonial peoples in supporting in many cases the reactionary elements in those countries has given the communists a terrific lever to use against us. I think to the extent we can offset that more successfully we should do so.

Mr. STICK: In Africa last summer I raised the question of more trade with the countries out there in East Africa, Rhodesia and South Africa, and I found the whole complaint was tied up with the convertibility of sterling. They wanted to trade with Canada more freely but they were tied up with the sterling bloc and if sterling should become convertible I think we could do a big job there as far as trading is concerned. I found that the chief

problem there was the convertability of sterling. As Mr. Coldwell has stated with regard to communist propaganda, it is perfectly correct that they are using the national aspirations of the people of Africa as a means toward the establishment of communism, and a very serious problem faces us in Africa in the future.

Mr. CRESTOHL: With regard to the role which Canada is playing in Central Africa, I wonder if it would be of interest to the committee to note the very fine and helpful work which is being done there by the Jesuit Fathers of Quebec. I had occasion to meet the Reverend Father Lucien Matte, S.J. of the University College of Addis-Ababa and to talk with about some of the things which had been achieved, and to me it was an inspiring thing to see that right in the midst of Africa here was a university established entirely by Canadians and manned by a professorial staff from Quebec and Montreal—a project which was virtually giving that country a “new look”. I saw some 450 men and women, all Ethiopians, receiving instruction in the western way of life. I was wondering whether the minister and the department were aware of what is being done by these people, and perhaps the committee would be happy to hear something said about it.

Hon. Mr. PEARSON: We in the department naturally know something of the fine work which is being done there. Canadians have also done outstanding work in Abyssinia in recent years in the field of education and in opening up the country by means of geological surveys and enterprises of that kind.

Mr. STICK: I do not want to turn this into an account of my experiences in Africa but I would like to say that in all my travels there I found there was no country more highly regarded than Canada is in Africa. You will find Canadians out there, particularly in Rhodesia and in the copper mines, and not only are they doing excellent work so far as mining is concerned but they are taking a great interest in the social life of the region and, as I say, I found no other country in the world which was more highly regarded than Canada. We might be able to do more there, perhaps, than we are doing at present. Africa is a growing country and there are tremendous possibilities. I know our High Commissioner in South Africa is very much alive to the situation. I think the Canadian people, their missionaries and others, are doing a fine job and I would like to see the work carried on and extended if it is at all possible. I am convinced that Africa is a country with a future and Canada should be alive to the possibilities there.

Hon. Mr. PEARSON: We are big and modern enough to be technically competent and economically important, but we are not so big as to be politically suspect.

Mr. STICK: Not at the moment at least.

Mr. COLDWELL: One of the advantages we have is that we have never been a colonial power.

Hon. Mr. PEARSON: We have been colonial, but not a colonial power, that is true.

The CHAIRMAN: Are there any other questions?

Hon. Mr. PEARSON: I have here a few other answers to questions that have been asked during sittings of the committee. One of them concerns territorial waters.

Mr. PEARKES: I wonder if the minister could give us any more information about the international shipping pool to which he referred. It is so important in time of war that there should be enough shipping available, and I wonder if the minister can give us any idea as to the flags which the vessels are flying, the number of vessels, the gross tonnage and so forth. We have a very small merchant fleet ourselves and it would be interesting to know the extent of this pool on which we can rely in the event of war.

Hon. Mr. PEARSON: I can give you the answer in a general way, and I hope to be able to follow this up later in rather more detail. I think that this planning has been effective and valuable as far as it has gone. It covers the European countries and they know pretty well, I think, where they stand in regard to the number of ships which would be available for the NATO countries. The value of the scheme is modified by the fact that the United States has not yet come into it. I would like to confirm that, but I think that is the position.

Mr. PEARKES: Could you check on the South American position too?

Hon. Mr. PEARSON: We will look into that.

Yesterday, Mr. Chairman, Mr. Fleming asked me if there had been any recent developments about possible United States restrictions on oil imports. I can only confirm what I said then, that there have been no recent developments. I indicated in the House on May 2 that the Committee of Congress had not accepted the amendments to Bill HR1 which would, we thought, have damaged our position in this field. Those amendments were rejected by the committee. There were other amendments of a general character accepted which might have a bearing on commodity problems but that would depend a good deal on how these amendments, if they are finally carried, will be administered. I can say nothing more at this stage because the bill, with these amendments, is now before a House-Senate Conference and no final action has yet been taken.

General Pearkes asked me about territorial waters. I have looked into that matter and I find that as a government we have taken no public stand yet on the claim of other states to varying breadths of territorial jurisdiction, the most extravagant of which I mentioned yesterday—200 miles, I think. At the moment reconsideration of general Canadian policy on territorial waters by the government is going on and a decision by the government on that question is awaiting the result of an examination by an inter-departmental committee which we hope will be reporting shortly. That committee has had the advantage of the services of Professor Curtis of the University of British Columbia who has submitted a report of his own to the inter-departmental committee.

There was an International Conference recently in Rome which dealt with fisheries questions and at that conference a provision was included in the final report with the support of the Canadian delegation to the effect that the conference was not competent to judge questions regarding territorial waters. We were worried at the time that there might be an effort at that conference to make recommendations on this question. When the inter-departmental committee makes its report to the government then the government will have to decide on the policy questions involved and at that time it will submit its views to the United Nations general assembly which is to discuss this question, I think, probably next year—not at this current assembly in 1955, but in 1956. So the matter is still under consideration and no final decision has been reached with regard to the policy that we shall follow.

Mr. PEARKES: Dean Curtis has submitted a report to the government?

Hon. Mr. PEARSON: He has completed his work and submitted a report to the inter-departmental committee and that committee has his report under consideration now. The committee is considering this report and its own investigations in connection with the report it is going to make to the government and we expect to receive that report before long.

Mr. STICK: Will that report be available to this committee?

Hon. Mr. PEARSON: Normally an interdepartmental report is not available, at least until the government has had a chance to consider it, but I think at the right time it might be quite proper for the appropriate committee to have officials here and discuss this question.

Mr. STICK: This is a very vital question so far as Newfoundland is concerned. As a matter of fact the three mile limit was instituted as a result of action taken by Newfoundland. It was at the Hague court. We have all kinds of European powers coming to fish in our waters and this has been a bone of contention with us for years.

Hon. Mr. PEARSON: There will be ample opportunity to discuss this problem. I am not sure that this is the appropriate committee—maybe the Fisheries committees will be better able to deal with it. But we will be able to discuss the matter.

Mr. STICK: It certainly is a vital question for us.

An Hon. MEMBER: But Professor Curtis comes from the East Coast—

Hon. Mr. PEARSON: Dean Curtis is, if I am not wrong, regarded as an inhabitant of the West Coast. I think he is a Maritimer originally.

Mr. PEARKES: He is I think recognized as an international authority. In fact he is going to Harvard for the next year or so, I believe.

Hon. Mr. PEARSON: I do not know whether he would call himself a Nova Scotian or a British Columbian.

Mr. CANNON: While we are on the subject of this inter-departmental committee, I would like to say that this matter is also a very important question for the fishermen of the Magdalen Islands. Which are the departments which are to determine this matter?

Hon. Mr. PEARSON: External Affairs, Fisheries, and the Department of Justice—the usual people. I can get a list of them if you wish, Mr. Cannon. I am not quite sure who else is taking part.

Mr. COLDWELL: I asked this question of Mr. Martin in the House, but I would like now to address it to the minister. Has there been any consultation between the United States and Canada with regard to the explosion of the underwater atomic weapon?

Hon. Mr. PEARSON: What was Mr. Martin's answer?

Mr. COLDWELL: Mr. Martin dodged the question completely. I did not press it because I thought the opportunity would arise of raising it again here. What cooperation is there if any between Canada and the United States with regard to experiments of this description?

Hon. Mr. PEARSON: I am not sure what I can say on this matter at the moment. I want to be quite accurate. We had nothing to do with the explosion in question. We were not too happy about it. We were informed about it before it took place—not very long before it took place. We expressed our anxiety lest an explosion of this kind in the ocean, the location of which we did not know—might have harmful effects on our fisheries and indeed in other ways. We were given assurances that it would not have such effects and we were given a general indication as to where the explosion would take place though we were not given the exact spot for reasons which seemed adequate. However, the indications which were given of the area where the explosion was to take place seemed to bear out the statement that it would not have any specially harmful effect on Canada. It was not off Canadian territory.

Mr. COLDWELL: I was wondering what the status of such explosions is. It is an international question because these are international waters.

Hon. Mr. PEARSON: We have been wondering that ourselves and I am sure that a lot of governments have been doing the same. There are a number of new problems of international law which arise as a result of scientific discoveries of this kind and I have no doubt the international lawyers will be giving consideration to these matters. I think the United Nations assembly legal committee might be disposed to look into the question.

Mr. COLDWELL: Is it likely to come before the United Nations at this coming session—is Canada going to raise it? I will put it that way.

Hon. Mr. PEARSON: We have not reached any decision on this matter yet.

Mr. COLDWELL: But you are considering it?

Hon. Mr. PEARSON: Yes, we are considering it as a question that might well be examined by an international body such as the United Nations. I do not think anybody could object to that because it is important to find out what the international legal position is. As a matter of fact I think I am right in saying that preliminary consideration has already been given to this question by one of the committees of the assembly, though I may be wrong on this point.

Mr. CRESTOHL: I would like to ask a question with reference to Canada and international trade. Has Canada got trade exhibits in its legations abroad? When I say "trade exhibits" I mean ordinary articles known to be Canadian products on exhibition in show cases in legations abroad?

Hon. Mr. PEARSON: You are referring to permanent exhibits. In our Embassies abroad we have Canadian pictures and we have Canadian furniture, that kind of thing, but that is part of the domestic establishment in such places. While this serves I think a valuable purpose it is a purpose within a limited field. We have no permanent exhibits of the kind you suggest, though I think we used to have one in London before the war, but of course we do have trade exhibits at all the big international fairs. By "we" I mean the Canadian Government, which is now making extensive preparations for the international fair in Brussels. I think that is about as far as we go in publicising Canadian products in that way.

Mr. CRESTOHL: Has the government considered setting up show cases of a reasonable size in our legations? I know they are helpful to trade because of the tremendous amount of traffic that goes in and out of these buildings.

Hon. Mr. PEARSON: That is a matter which primarily concerns Trade and Commerce and its Exhibition Commission. We will be glad to take the matter up with them and see if they consider that kind of suggestion practicable. I recall that in London, in Canada House in the early days, there used to be jars of wheat and stones and things like that in the window, but I don't think they were particularly effective in advertising Canada and they were taken away before the war.

Mr. COLDWELL: You spoke of our exhibits in international fairs. Do we exhibit at international fairs held behind the Iron Curtain?

Hon. Mr. PEARSON: I don't think we do.

Mr. COLDWELL: It would be good propaganda, would it not?

Hon. Mr. PEARSON: Leipzig fair is probably the one you have in mind though of course there are others, but I do not think we have taken part in any of these fairs. Mr. Macdonnell says we did take part in a trade fair in the Western part of Berlin, and of course a great many of the Easterners came over to see it. I am inclined to think that though there might be difficulties in carrying it out it might be of great value if we could display some of our goods so that people in the "iron curtain" countries who are hungry for that kind of thing might see them.

Mr. COLDWELL: I think it would be good propaganda. One of our professors who went over to Moscow said he took three or four of Eaton's catalogues with him and passed them around surreptitiously. He found the Russians very impressed by the goods which were available and the prices charged.

Hon. Mr. PEARSON: Maybe our diplomats in Moscow should go to their cocktail parties armed with Eaton's catalogues—and other catalogues, of course.

The CHAIRMAN: There are still a few questions to which the minister wishes to reply.

Hon. Mr. PEARSON: I was asked yesterday about the work of rehabilitation in Palestine as opposed to the work merely of relief and I have some information on that question which I might put on the record if the committee wishes.

The General Assembly has authorized the expenditure of \$200 million for the rehabilitation of some 960 thousand Palestine refugees. The United Nations Relief and Works Agency for Palestine Refugees has concluded "programme" agreements with the governments of Egypt and Jordan for the implementation of this programme. The agreement with Egypt envisages development projects in the Sinai Peninsula and the Gaza district for a total cost of \$30 million. "Project" agreements for carrying out this particular programme have already been signed and survey work, which necessarily requires a good deal of time in such cases, is taking place satisfactorily.

The agreement, which the Agency has concluded with the Jordan Government, concerns the so-called "Yarmuk River Development" for which some \$40 million has been earmarked. Here again, a number of subsidiary agreements towards implementing this programme have been concluded and, as far as we know, extensive survey work is being finalized.

The Yarmuk Development involves two Arab countries, Jordan and Syria. Since this project was put forward, there have been a number of developments which may have a bearing on its implementation. You probably have heard of the Jordan development programme known as the "Johnson Plan", which was proposed to 4 Arab states as well as Israel. These negotiations, which were initiated by the United States Government, are still going on and I am not in a position to say anything further at this stage on this subject.

In the meantime, the carrying out of projects, such as these, requires a good deal of preparation and although substantial amounts have been earmarked for them, the greater part of the work by far remains to be done. We should realize, of course, that the implementation of these rehabilitation programmes is dependent to a very large extent on progress in stabilizing the political situation in this area. The problems here, as you know, are complex and UNRWA has no control over them. Until some kind of solution is at hand the Agency will be severely inhibited in its work. Up to now, in addition to its relief programme, which it has carried out successfully in difficult circumstances, the Agency has concentrated on the educational aspects of its rehabilitation plan.

In this way, refugees will acquire the self-respect which will enable them to become useful members of society whenever they are given the opportunity to lead a normal life. During the last twelve months, the Agency has continued to make substantial progress in this connection and, as of February last, the total number of refugee pupils in secondary and elementary classes was 168 thousand in 301 schools.

Meanwhile, I think it is imperative for the United Nations to keep refugees alive. Apart from humanitarian considerations, I hate to think of what would happen if the Organization suddenly decided to withdraw its support both from the point of view of the United Nations itself and from a security point of view. I have not the slightest doubt that the Communist world, including its agents in the Middle East, would rejoice if this happened. There are also local factors to be considered such as the fact that refugees in Jordan represent 56.4% of the total population living in that country. This is not a very happy

picture although there are some elements of encouragement in it, certainly more progress has been made in the last year with regard to rehabilitation than in the previous two or three years.

Mr. COLDWELL: I think perhaps the most hopeful feature of the situation occurs where you said that there was greater hope for joint action in the development of the water scheme.

Hon. Mr. PEARSON: I do not want to give the impression that all the difficulties in regard to that project have been removed, but there has been progress.

Mr. PATTERSON: May I ask in that connection what was the number of refugees given—was it 960,000?

Hon. Mr. PEARSON: 960,000.

Mr. PATTERSON: What was the original number?

Hon. Mr. PEARSON: Something over 800,000, I think. The population in the camps has increased and the increase has more than made up for those who have been rehabilitated and sent to other countries.

Although the question was not asked in this committee, Mr. Chairman, I was asked in the House—I think it was probably while I was away—by Mr. Fleming whether the government would make a statement about the 16 leaders of the Polish Underground Movement who were arrested by the Soviet Union in March, 1945. Perhaps I could deal with that here.

As Mr. Martin said in the House we have received representations from Polish Canadian groups who presented to us petitions signed by people from many different parts of this country I think members of parliament have also received representations or petitions on this subject.

Mr. COLDWELL: Do these petitions refer to the government in exile which went to Moscow and disappeared?

Hon. Mr. PEARSON: Yes. I can give you some background to this affair. It goes back to 1945. At a time when the western allies were considering the formation of a new Polish Government on a democratic basis, these 16 leaders of the Underground Movement in Poland during the last war who had played a heroic role in fighting the Nazis were apparently invited by the Soviet Union to attend a conference in Moscow with a view to the establishment of a new Polish government on a democratic basis.

Mr. COLDWELL: They went under a guarantee of safe conduct did they not?

Hon. Mr. PEARSON: Under a safe conduct, but instead of conferring with the Soviet leaders about the future of Poland they were arrested as criminals, tried in the U.S.S.R. and all but three were sentenced to periods of from four months to ten years imprisonment. The governments of the United Kingdom and the United States protested vigorously to the U.S.S.R. at that time but their protests were ignored.

Mr. COLDWELL: Protests were made at the San Francisco Conference?

Hon. Mr. PEARSON: I think Mr. Molotov himself was approached about this matter. Two of the sixteen men originally arrested have since escaped to the west but we do not have complete information about the others. One or two may actually have been released and be living in Poland, but others are feared to be still in prison in Poland or in the Soviet Union if they are alive, despite the fact that their original sentences must by now have expired. I would like to put on record in the committee that we in the government and I am sure all members of the committee share with many Canadian citizens of Polish descent their concern about the fate of these men. In view

of the reluctance of the Soviet Union and Poland to give the West any information about them, it seems obvious that many of them must either still be in prison or else have died as a result of their imprisonment.

We do not as a government have any legal means of forcing an inquiry into the fate of these men or of securing the release of those who may still be in prison, but we do support the request already made to the governments of the U.S.S.R. and Poland for information, and we hope that these governments will tell the world what is the fate of these men. In recent weeks I think the United States Government may have made representations to the Soviet Union, and possibly to the Polish Government as well, but I am not sure of that. All I would like to say now, Mr. Chairman, is that we are certainly heart and soul with these representations, which we would like to support. We hope that we may even at this date get some information, because this is a most tragic facet of post-war history.

Mr. COLDWELL: As a matter of fact this was one of the first items which came to our notice at San Francisco as indicating what the future might be. When representations were made to Mr. Molotov about it he said he did not know what had happened to these men. Then he said, one day about a month later "you were asking me about those Poles; they are in jail".

Hon. Mr. PEARSON: I think that deals with the specific questions which have been addressed to me in the last two days. There is one other matter that I may just mention—the administrative expansion of our service during the last year and our plans for the forthcoming year. You will be dealing with this question in detail when you get to the estimates, but I may say a word generally about it now. Since the committee last met, our responsibilities and our work have grown and we have found it necessary and desirable to open missions in some countries where we were not previously diplomatically represented. We have opened an embassy in Egypt, as members of the committee know, in Israel and in the Lebanon. In Lebanon we have a Chargé d’Affaires. The Ambassador in Egypt is accredited to the Lebanon just as the Ambassador in Greece is accredited to Israel.

Mr. STICK: What change has taken place with regard to Egypt?

Hon. Mr. PEARSON: We had a trade commissioner there before. We now have an embassy. We have also opened an office in the Dominican Republic and in Haiti where we had previously been represented by trade commissioners, so the status of our offices in those places has been raised, though we have not got resident ambassadors or ministers there. I think the ambassador in Cuba covers both territories. We have a chargé d’affaires in each country.

Mr. COLDWELL: I am not objecting to this, but why have these countries been selected? On what basis is consideration given to these matters?

Hon. Mr. PEARSON: We give very careful consideration to this question and get the best advice we can from Canadians who have served overseas in either an official or an unofficial capacity; we also receive information from friendly governments, and having a regard to all the factors we thought that Beirut was the best place in which to have an office. It was hard to decide, and I agree that a case could have been made for other middle Eastern capitals.

Mr. COLDWELL: That is what I was thinking, though I am not objecting. I just wanted to know the reasons.

Hon. Mr. PEARSON: There are a great many reasons. We decide these matters on the basis of the best information we can get and the experience of other friendly governments.

Mr. COLDWELL: Does trade enter into the picture?

Hon. Mr. PEARSON: It did very considerably and I think I am right in saying that Beirut previously was the headquarters of our Trade Commissioner and that we had a trade office there.

We find that as Canada grows in economic importance and in importance, possibly, in other fields as well, that the pressure on us to keep on enlarging our diplomatic representation also grows. Every country in the world now wants to be represented in Canada. We are not able to reciprocate in all cases because we have expanded pretty rapidly since the war and considerations of finance, trained personnel and other things make it undesirable that we should expand too rapidly. The result is that we have not been able to accept invitations to open embassies and legations in certain countries, so they in turn have not opened diplomatic missions in Ottawa. But as I say there is a good deal of pressure on us to do this. We do not plan to open any new missions in the next twelve months and I hope we will soon reach the limit of our expansion—a point where we can level off. One reason why we shall not be opening any missions in the next twelve months unless some situation develops which makes it desirable for us to change our views on the matter is that we are very hard pressed from the point of view of qualified personnel and our difficulties in that regard have been increased by the necessity of finding people to go to Indo-China. So we hope we shall be able to mark time this year—something which will be received with great approval in the Department of Finance.

Mr. COLDWELL: How many embassies have we at the present time?

Hon. Mr. PEARSON: Embassies, legations and consulates-general—I think we have about 45 now; including consuls and all offices abroad we have 55.

Mr. COLDWELL: That would include the consuls in the United States?

Hon. Mr. PEARSON: Yes, all of them. There are now seven or eight.

Mr. PEARKES: Before the minister closes his remarks would he care to amplify the statement he made in the House a few days ago regarding the situation in Northern Canada and those radar establishments being set up in cooperation between the United States and Canada. I have in mind a similar situation which arose towards the end of the last war when it was found very desirable to appoint the late W. W. Foster as a special liaison officer, not for military purposes but to adjust questions involving sales of land and that sort of thing. Has anything been done on these lines to ensure that there is the fullest cooperation between not only the two governments but Canadians who are in the area of these lines and who might be affected by the presence of the troops and contractors of another nation, and American citizens?

Hon. Mr. PEARSON: The matter which General Pearkes has mentioned is of course a very important one that looms large in our foreign relations at the moment, bearing as it does on our relations with the United States in this very important field. We have not found it necessary up to the present time to appoint a special person for the purpose of liaison as was done in World War II as mentioned. One reason for that, I think, is that the Canada-United States Joint Defence Board is working very effectively in dealing with these problems and I think it has proved to be adequate for this particular purpose. It is true that our cooperation with the United States with regard to these questions of northern defence is broadening and deepening and covering more and more activities but we have found by and large that that cooperation is not only effective but that it is carried out in a very friendly way. I think it is fair to say that a very scrupulous regard is shown by the United States for Canadian rights and sovereignty, and even for Canadian sensibilities. Our experience in the matter has been a very happy one especially, I think, in Newfoundland. If there have been matters which we have had to complain about—and that would be inevitable—we have always found—almost without exception I think—that these incidents were the result of some mistake, some inadvertance, and have never been done by calculation. The problem—if I

can call it a problem—is an important one in making sure that these cooperative undertakings are carried out with due regard for our Canadian rights and sensibilities. Personally I can only say that up to the present it has been a very happy example of cooperation. It will continue to be a major factor in our relationship, and I hope it will continue to be carried on in the way it has up to the present. Up to the present, as I have said, our experience indicates that no special appointment of the nature of that held by General Foster is required.

Mr. PEARKES: However, such a man might be able to avoid many of the little difficulties which occasionally arise through ignorance, by being on the spot and attached to American Headquarters as General Foster was on the Alcan Road.

Hon. Mr. PEARSON: One of the difficulties now of course is that there is no one spot in which he would be required. This cooperation now covers an enormous and a great variety of activities. The radar defence lines are only one aspect of these activities, though it is probably at the moment the biggest project before us in defence cooperation. I will not go into that in detail, if I may be excused, Mr. Chairman, because my colleague the Minister of National Defence will be saying a good deal about that subject in his estimates which will be coming along any moment now.

Mr. STRICK: We had quite a lot of experience of Americans during the First World War when Canadian troops were not available to defend us, and in general I say without hesitation that our relationship with United States Military personnel could not be better. I can bear out fully what the minister has said about the care which they take not to offend local sensibilities. The cooperation there is everything it should be. I have had personal contacts with some of the generals down there and they are going out of their way to be friendly to us and do everything they can to cooperate with us, and if that is an indication of what can be done I commend it. They have adopted a policy of employing Newfoundlanders where possible instead of American personnel, and a general told me they are spending \$9 million in Newfoundland—it is big business with us, and we hope it continues.

Hon. Mr. PEARSON: I think they are working very well down there from all accounts.

Mr. CRESTOHL: We have had the same type of reports from Churchill. The cooperation with the Americans there have been splendid and has been the subject of special comment.

Mr. FLEMING: Mr. Chairman, I have been trying to divide my attention between two committees, and that is why I have not been able to be present during the whole of the proceedings. I understand that Mr. Pearson did make some comment on this matter of representations that have been received in connection with these 16 Polish heroes of the Polish Underground Movement who were incarcerated by the U.S.S.R. in 1945. I am not asking the minister to repeat what he has said; it would not be fair. But I was just wondering if he could not say a word of what the outlook is right now. Apart from the interest of Polish organizations in this country such as the Polish National Congress and the Polish Ex-Combattants Association there are relatives of some of these men living in Canada. It is a matter of interest to us not just from the viewpoint of our general feeling about crimes of this kind perpetrated by the U.S.S.R., but because it comes pretty close to some Canadian homes.

Hon. Mr. PEARSON: I think I ought to apologize for bringing this matter up in your absence.

Mr. FLEMING: Oh no—I was at the Radio committee downstairs. I came as soon as I could.

Hon. Mr. PEARSON: Of the 16 who were originally arrested and imprisoned 2 have escaped and we think one or two of the fourteen may have been released and still be living but we have no reason to believe that the others are not either still in prison or dead. We have no information. But I think it would be very optimistic to believe that the other eleven or twelve are out of prison if they are alive. It is very difficult to know what we can do as a government in a matter of this kind. In the remarks I made I said we associated ourselves—and I do not doubt that the committee also takes this attitude—with the representations that have been made to the governments concerned in Warsaw and Moscow.

Mr. FLEMING: By the United Kingdom and United States?

Hon. Mr. PEARSON: The United Kingdom have not made representations but the United States have. They sent notes both to the Soviet Union and to Poland asking for information, and naturally if they get any information they will let us know. The only other thing I can think of that might be useful—and I think it would be a mistake to take action which would do harm rather than good to these men if any of them are still alive—would be to send a copy of the representations which we have received from the Polish groups in Canada to the Secretary General of the United Nations for his own information and he might be able to make some inquiries.

Mr. FLEMING: Would there be any danger in that course at all?

Hon. Mr. PEARSON: I do not think so. We would just send these to the Secretary General of the United Nations as inquiries received by groups of Canadians regarding non-Canadians who have been arrested. I think inquiries and representations of this kind are continually being received by the Secretary General of the United Nations in the course of his duties and I think probably that would be the best course to follow in this case.

Mr. FLEMING: Is that course being taken or is it just being considered?

Hon. Mr. PEARSON: It is being considered—we are trying to see if there is anything we can usefully do and I have come to the conclusion myself that this would be the only course we could usefully follow, and we are considering whether we should do that.

The CHAIRMAN: Are there any further questions to the minister while he is with us?

Mr. PATTERSON: I have one question to ask. What is the situation with regard to Cyprus now? Is Greece just as insistent on her claims as she was?

Hon. Mr. PEARSON: Oh yes, I think the situation is about as it was. There does not seem to be as much agitation in Greece as there was last autumn but the Greek government has not altered its stand in the matter and I think consideration is now being given as to whether this matter should be placed on the agenda of the United Nations. I would not like to express any views on it one way or the other at the present time.

Mr. FLEMING: What would be the position of the Canadian representative if an attempt were made to put that item on the agenda?

Mr. STICK: Abstain, I imagine.

Hon. Mr. PEARSON: We voted against the inscription of the item on the agenda last autumn. If I may quote from the speech of Canadian delegate in announcing that decision he said "We are opposed to it as a matter of practical judgment and not on account of competence, that is, we are opposed to the inclusion of the item because it is likely to do more harm than good in Cyprus, in the region of Cyprus and in the United Nations".

Our delegation was influenced in coming to this conclusion by the wording of the proposed Cyprus item and its supporting memorandum. That language

in our view implied not merely the discussion of the Cyprus question but action by the assembly of a particular kind. We felt that by its very wording the item prejudged the issue and pre-supposed an intervention in the affairs of another state which would have been contrary to the charter. On these grounds we opposed the inscription of the item on the agenda. I am not prepared to say what position we would reach if the item was submitted again this year because the situation and the form of the item might be different. We would have to wait and see. I have no evidence that this will be done, but I believe it is under consideration.

Mr. COLDWELL: Who put this on the agenda the last time?

Hon. Mr. PEARSON: It was put on by the Greek delegation.

The CHAIRMAN: This is the last day that we shall have the minister with us to answer questions on general policy. Of course, he will be available if members desire and certainly will return before us at a later date when we shall have an occasion to express our thanks for his cooperation and his enlightening remarks on all questions raised during our sittings. Tomorrow we are going to have Dr. Keenleyside.

Mr. COLDWELL: What time shall we meet tomorrow?

The CHAIRMAN: Tomorrow morning at eleven o'clock in room 497.

Mr. STICK: What subject will Dr. Keenleyside speak on?

The CHAIRMAN: United Nation's Technical Assistance. We have visited him on the motion of Mr. Coldwell unanimously adopted. He is supposed to read a brief, and then be open to accept question.

Mr. FLEMING: Would it be possible to have a copy of Dr. Keenleyside's brief in advance?

The CHAIRMAN: I do not even know if he will have many copies. He is coming from New York. I do not know whether he will have time to have copies mimeographed.

Mr. COLDWELL: Did you ask for a brief?

The CHAIRMAN: I suggested that the order of business might be an opening statement by himself and afterward questions. I could not very well tell him how he could deal with his subject, but I suggested there should be a statement followed by questions and he answered that would be acceptable to him. After we have heard from Dr. Keenleyside, next week, we shall start some time next week on the estimates proper, with the first item on Administration, or with item 109, Colombo Plan. The committee will be notified of the date early in the week—on Monday. The meeting may be on Wednesday but members of the committee will be notified on Monday.

Mr. PATTERSON: Regarding my request of yesterday for copies of the Soviet Disarmament Proposal. Are we to receive them?

Hon. Mr. PEARSON: Yes, I think they are being mimeographed right now. We had only one or two copies and we are now having them duplicated—there are about 30 pages. I hope they will be finished tomorrow and then copies will be mailed to members of the committee.

The CHAIRMAN: I would like to tell members of the committee that we shall have in the mail on Monday probably a day or two ahead of the next meeting, the date on which we are to consider the estimates—statements of details that Mr. Fleming asked for the other day. They will be sent to all members by mail on Monday.

The committee stands adjourned until tomorrow morning at eleven o'clock.

Standing Committee on, 1955

HOUSE OF COMMONS

Second Session—Twenty-second Parliament
1955

Government
Publications

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 15

FRIDAY, MAY 27, 1955

ITEM 103—MAIN ESTIMATES—UNITED NATIONS
TECHNICAL ASSISTANCE PROGRAM

WITNESS:

Dr. H. L. Keenleyside, Director General, United Nations Technical
Assistance Administration.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

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Decore	MacEachen	

Antonio Plouffe,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

FRIDAY, May 27, 1955.
(24)

The Standing Committee on External Affairs met this day at 11.00 o'clock a.m. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Bell, Breton, Byrne, Cannon, Cardin, Coldwell, Diefenbaker, Garland, Henry, Herridge, Jutras, Knowles, Patterson, Pearkes, Richard (*Ottawa East*), and Stick.—(17).

In attendance: Dr. H. L. Keenleyside, Director General, United Nations, Technical Assistance Administration, New York City.

The Committee continued its study of the Main Estimates (1955-56) of the Department of External Affairs.

ON ITEM 103—*To provide for the Canadian Government's Contribution to the United Nations Expanded program for Technical Assistance to Under-developed Countries, etc.*

Dr. Keenleyside was called. He read a statement and was questioned at some considerable length.

In the course of his examination, Dr. Keenleyside referred to a Chart showing The Organizational Arrangements of the United Nations and its Specialized Agencies Technical Assistance Programmes. Copies of this Chart were distributed.

He also referred to and tabled a copy of a Report, dated February, 1955, prepared by a team from the Federation of British Industries on Technical Assistance.

Item 103 was adopted.

The Chairman, on his behalf and on behalf of the members of the Committee, expressed his thanks to Dr. Keenleyside for his interesting presentation.

At 12.45 o'clock p.m., the Committee adjourned to the call of the Chair.

Antonio Plouffe,
Clerk of the Committee.

EVIDENCE

MAY 27, 1955.

11.05 a.m.

The CHAIRMAN: Gentlemen, we have with us this morning Dr. Keenleyside who is Director General of the Technical Assistance Administration of the United Nations. Dr. Keenleyside has been invited by the committee on the proposal of Mr. Coldwell, unanimously accepted, and he was kind enough to come here. I understand he will first read a brief. Copies of the chart to which he will refer in the course of his remarks have already been distributed. For the first part of the meeting I would appreciate it if members would not direct questions to the speaker while he is reading the brief or addressing you; later on Dr. Keenleyside has consented to submit himself to questioning. I will call on Dr. Keenleyside.

Mr. Hugh L. Keenleyside, Director General, United Nations Technical Assistance Administration, called.

May I begin, Mr. Chairman, by expressing my appreciation to you and to the Members of the Committee for this opportunity to appear before you. The work that we in the United Nations are doing in the field of technical assistance is directly dependent upon the continued approval and continued financial backing of the governments that support the programme. It is therefore a matter of mutual importance that the members of the legislatures that vote the funds should be fully acquainted with the objective, the methods, the achievements and the failures of our administration.

May I emphasize at the very beginning that the Secretary-General and all my colleagues on the Secretariat of the United Nations are very conscious of the fact that we are using money that comes through governments but originates in the taxes paid by the people of this and other countries. It is therefore a matter of great concern to us that our administration should be marked by the most meticulous efficiency. We know that every dollar that goes into wasteful or inefficient administration means that there is a dollar less to assist the governments and peoples who are asking for help. In our efforts to do a competent job we in the United Nations, in addition to the professional pride that is common to all administrators, have the added incentive that comes from knowledge of the fact that we are supported by the people of over seventy countries in a programme designed to promote human welfare. Under such circumstances inefficiency would be intolerable.

Perhaps, Mr. Chairman, it would be useful if I were to begin by making it quite clear that in speaking to you and to the Members of the Committee I am doing so, first of all, as a representative of the Secretary-General of the United Nations. But, in addition, because the United Nations programme of technical assistance is part of a co-operative activity, I think that I can also claim to speak for the other participating organizations. These other participants are certain of the Specialized Agencies of the United Nations, namely the—

Food and Agriculture Organization

United Nations Educational, Scientific and Cultural Organization

World Health Organization
International Labour Organization
World Meteorological Organization
International Civil Aviation Organization and the
International Telecommunications Union.

In addition to these active partners, the World Bank and the International Monetary Fund act as observer in the work of the Technical Assistance Board which is our co-ordinating unit.

In order that this rather complex administrative arrangement may be clear I have asked your permission, Mr. Chairman, to place before the Members of the Committee, a chart which illustrates the relationships to which I have referred.

In the work of the United Nations Programme of Technical Assistance, each specialized agency deals with requests for help in its particular field of expertise. In the case of our own Technical Assistance Administration at the U. N. which, as you will see, is one of the Departments of the United Nations Secretariat, our responsibilities fall into three fields. These are—

Economic development
Social Welfare and
Public Administration

But in addition to the specific responsibilities thus assigned to us the Technical Assistance Administration is also charged with the duty of meeting all requests that fall outside the range of responsibility of the other participating organizations. In other words we have, in addition to our own specified fields, a kind of residuary responsibility for all unallocated requests.

While defining our terms it is also, I think, important to emphasize that unlike the Colombo Plan and the Point Four activities of the United States the United Nations Technical Assistance Programmes have no element of capital aid. Under the directives that established our programmes we can give advice, arrange training facilities, organise opportunities for study and observation, and supply the small quantities of equipment and supplies required for training or to enable experts to do their work more effectively. But we have no funds for capital purposes. We cannot finance highways, or build dams, or construct hospitals. We can make no loans or grants-in-aid to the countries that we assist. In the case of the Colombo Plan or the Foreign Operations Administration of the United States, of course, capital assistance constitutes about 90 per cent of their programmes.

At this point, Mr. Chairman, it might be well to clarify the matter of our relationship with the other aid programmes and in particular with the Colombo Plan and the Foreign Operations Administration.

Perhaps the first thing to say is that there is no competition between the United Nations activities and the national programmes—except insofar as each tries to do its job with the utmost efficiency. Everyone who is engaged in any of these programmes realises that with over two-thirds of the people of the world suffering—for the most part unnecessarily—from ignorance, poverty and disease, there is far more to be done than we can possibly achieve by our united efforts with our present resources. Thus, instead of competition, there is a well-established willingness to co-operate and to supplement each other's activities.

There is no organic connection between the United Nations programmes and those of the various national governments. There is, however, a close and useful contact maintained between them. This is true as between the

headquarters of the various programmes and it is even more true of the representatives who are working in the field. I could quote many examples of how American, Colombo Plan and United Nations personnel have worked cordially and helpfully together, and of how the various programmes have complemented and strengthened each other. Human nature being what it is there are occasional complaints regarding priorities or particular fields of operation, but these are infrequent and occur just as often within the individual programmes as they do between them.

At this point I should like to pay a very warm tribute to the assistance that we in the United Nations receive from Mr. Cavell and his colleagues who under direction of the Government, administer the Canadian section of the Colombo Plan. They are of the greatest possible help to us in the recruitment of Canadian experts, in the placement of United Nations fellows in Canada and in advising as generally on Canadian interests in the plan.

In order to understand the present position of the United Nations programmes it would be useful to take a brief look at their history.

When the statesmen of the world gathered in San Francisco in 1945 they realized that their first problem was to provide machinery designed to maintain international peace. If war were to break out in the thermo-nuclear age all plans for human progress must obviously be abandoned.

But it was also clear to the representatives of the nations at San Francisco that peace could never be secure as long as the majority of the people of the world were living in distress. If it was true in Lincoln's day that the United States could not remain half slave and half free, it is equally true in our time that the people of the world will not continue indefinitely half in luxury, half in misery. This was widely illustrated at the end of the last war by the rapidly increasing demands for a more equitable distribution of the good things of life, demands that were heard, especially from Asia, but also from Latin America and from Africa.

It was for this reason that Articles 55 and 56 were included in the Charter of the United Nations. Under the terms of these Articles all the signatory governments undertook to do what they could to foster economic and social progress throughout the world.

It was in an effort to carry out this promise that the first technical assistance programme of the United Nations was instituted. This became known as the Regular Programme because it was financed by money taken from the regular budget of the United Nations. It was started on a very small scale. Even by 1950 the amount of money being put into it each year amounted to only about one and a half million dollars.

It was in that year that the United Nations, stimulated by the enthusiastic initiative of President Truman who had started the Point Four Programme a few months earlier, began to organize what was called the United Nations Expanded Programme of Technical Assistance. In this Expanded Programme the specialized agencies as well as the United Nations itself were invited to participate, and funds for it were supplied by annual voluntary contributions from all governments that were prepared to co-operate.

At first it was hoped that the Expanded Programme might start with a budget of \$25 or \$30 million and grow rapidly to something of the order of \$100 million a year. It was quite clear to its founders that obvious and immediate needs would justify an expenditure on that level.

What actually happened was that in the first year contributions amounted only to some \$20 million, and that even this was not entirely spent.

Without going into too great detail perhaps it will be of interest to note four reasons for this slow start.

In the first place it was necessary for the participating agencies to get themselves organized to do the job efficiently. New machinery had to be designed, competent personnel recruited, and effective techniques improvised.

Secondly, the problem of obtaining suitable experts in sufficient numbers proved to be much more difficult than had originally been anticipated. This is still, of course, one of our major problems because in selecting experts it is necessary to find men and women who are not only technically competent, but who have qualities of character and personality that make them suitable for the very responsible duties and very sensitive relationships that they must face.

The third difficulty was that which arose from the inability of some governments to convince themselves that there were no political or economic strings attached to this offer of help from the United Nations. Some people in responsible positions at first believed that the new programme was just a new form of disguised colonialism or of dollar diplomacy.

And a final reason for the slow start was the fact that many governments—and particularly those most in need of help—either did not know what to ask for, or did not know how to formulate and present their requests. Thus it sometimes took us months of hard negotiation and discussion to reach agreement as to the real needs of a government, and then to work out with it an accurate and convincing justification for its request. One of the most characteristic difficulties of inexperienced governments is their failure to recognize their own most pressing needs.

As a result of these complications the programme began slowly and it was not until 1953 that its early difficulties could be said to have been largely overcome. In solving these dilemmas a great deal of help has been received from the national technical assistance committees that have been established in some seventeen or eighteen of the more important contributing countries. These committees take various forms but they usually include government officials together with representatives of industry and the professions. They have been particularly helpful in solving problems of recruitment.

Since 1953 our basic difficulties have been almost exclusively financial. In the last three years there has been a very significant increase in the number of contributors. In 1955 we expect that something like eighty governments will share the financial burden. These include, of course, many governments that are not members of the United Nations, such as Switzerland, Italy and Ireland. They include also the Holy See which for the last three years has used this method to express a significant interest in our programme. But in spite of the increased number of participants the total amount of money contributed has increased only to something like \$27 or \$28 million a year. That sum goes not only to the United Nations but to the specialised agencies that are participating in the programme as well. During this same period, however, there has been an enormous increase in the number of requests for help. Moreover in the earlier stages many requests had to be rejected or revised or reconsidered, but today most of the requests we receive have been carefully prepared and are reasonably and accurately presented. Early suspicions of the Programme have disappeared. During the last five years over one hundred countries and territories have asked for and have received aid. Over the last year and a half we in the Technical Assistance Administration estimate that we have discouraged or actually refused at least three sound and sensible requests for every one that we have been able to meet.

Based on the original estimate of world needs and on the extensive plans that were made to meet them, the programme has accomplished very little. In fact it might almost be described as a token activity or a pilot project for a programme. If it is continued at its present level it cannot be expected to

bring about the kind of changes that are so obviously needed and so urgently requested by the governments of the less developed areas of the world.

In addition to the serious limitations resulting from the meagre amount of money available there is the added handicap that arises from the fact that under the present system of pledging and payment we who are trying to administer the programme have no accurate idea, at the beginning of a year, as to how much money we are going to have during the succeeding twelve months. Governments are asked to make their pledges in November for the following year but of course have to start the planning for that year at least six months earlier. Moreover, many governments do not make their pledges at the time of the November conference and others make them in a conditional form. Because we handle our funds in accordance with strict accounting procedures we cannot make firm commitments until the money is in hand, and very often governments leave large sums unpaid even into the last quarter of the year. As a result of these timing difficulties we have found it necessary to re-programme our activities as many as three or four times in the course of a year. Now can any administration operate with real efficiency under such circumstances as these?

Fortunately some governments have undertaken to make commitments—subject of course to legislative approval—for two or three years in advance. The United States, which is the largest contributor, is now planning not only to make commitments but actually to pass appropriations six months ahead of the year in which they will be spent. The United Kingdom began this year to pay a large proportion of its contributions on the 1st of January and to provide the remainder only two or three months later. The Netherlands Government has made a three-year commitment and so also have a number of smaller contributors.

At this point let me interpret a word about the cost of administration of the programme. This is naturally a matter of the greatest interest to those of you who provide the money we have to spend. Governments very naturally and properly scrutinize our overhead costs with the greatest care. Having been trained under the rigorous procedures of the Canadian Treasury Board I think that I can claim some solid basis for judgment about matters of this kind. In my opinion the annual examination of our administrative expenses in the United Nations is equally severe. Any slackness or waste would be quickly exposed. In 1954 the central administrative costs, that is the overhead costs, of the Technical Assistance Administration amounted to only 5.9 per cent of the total programme expenditure. I doubt that any other similar organization can show a lower ratio.

In this connection also perhaps I might add that all our accounts are meticulously examined by a board of external auditors—auditors drawn from outside the United Nations and of which the distinguished Canadian public servant, Mr. Watson Sellar, is the very competent chairman. I am sure that no unauthorized or improper expenditure could escape his sharp scrutiny.

Before concluding, Mr. Chairman, I assume that you would wish me to say something about the role that Canada has played in this programme.

Proportionate to its population our country has made a very significant contribution both in money and in personnel. In the five years since the Programme began Canada has made contributions—expressed in American dollars—of \$772,000, \$750,000, \$800,000, \$1,500,000, and \$1,500,000, a total of \$5,322,000. Next to the United States, Great Britain and France, Canada has made the largest financial contribution. In proportion to population Canada stands third over this five year period in the size of its participation. In the year 1955 Canada's position on a per capita basis is still third, coming after Denmark and Norway.

During the five years of the Programme over 200 Canadians have gone into the field as experts sent out by the United Nations or by one of the specialized agencies. Many of these men and women have made most distinguished contributions in the fields of industry, health, agriculture, transportation, education and public administration. I could list many of them by name and most of those names would be well-known to members of this committee.

During the same period Canada has received almost 300 fellows and scholars who have come to this country to acquire knowledge and techniques which can subsequently be used to the advantage of their own peoples.

It is, I think, important to recognize that this is not a one-way programme; that it is not simply a case of a few highly developed countries like Canada, the United States, Great Britain and France sending out technicians to assist the less advanced governments. While it is true that the United Nations has aided over one hundred countries and territories it is also true that help has been supplied by between seventy and eighty countries. Countries like India, Egypt and Israel, for example, have sent out experts and have received students as well as having obtained aid themselves.

One of the great advantages of the United Nations programme as compared, for example, with the national programmes of the United States and other countries, is the fact that we can draw upon the resources of the whole world whereas expenditure under the national programmes is normally confined to personnel and equipment obtained locally.

It is also significant to note that many countries find it much easier to receive assistance from an international organization of which they are themselves a part than it is to take help from a single government. This is particularly true of countries that require help in such sensitive areas as public administration or national financial policy, and in this connection it is perhaps worth noting that the United States Technical Assistance Administration has appointed top ranking economic and financial advisers who occupy the most significant advisory posts in 18 different capitals. At the same time we have senior administrative personnel assisting governments at the very highest level in seven countries.

The willingness to accept United Nations aid in the most significant and sensitive activities of government is perhaps the most hopeful aspect of our work. It is also the area in which the United Nations programme holds its most obvious advantage over the national programmes. As you are aware certain countries will not accept aid from, for example, the Foreign Operations Administration of the United States because of the possible political implications that might be drawn. I doubt that there is now any nation would hesitate to apply for aid to the United Nations in case of need.

It is for reasons such as this, I assume, that President Truman, who started Point Four, and Prime Minister St. Laurent have both expressed the hope that eventually all technical assistance would be channelled through the United Nations.

In this connection it is worth noting that the major contributing countries draw very direct financial returns from the Expanded Programme. By the end of 1954 Canada had contributed \$3,822,000. During that same period the United Nations and the specialized agencies paid to Canadians somewhere in the neighbourhood of \$3,500,000 through the purchase of equipment in this country, the payment of salaries and expenses to Canadian experts and the expenditure of United Nations funds in Canada by fellows and scholars. In addition it should be recognized that the technical advice given under our programmes frequently leads to construction and development projects which provide large contracts for consulting and construction firms from the more

developed nations. Thus, apart from any question of the ultimate or ethical value of the programme, a contributing country like Canada does obtain some direct material advantages from participation.

In conclusion, Mr. Chairman, it is not, I think, necessary, in speaking to this group of informed Canadians, to engage in any prolonged justification of the programme of technical assistance. It is an international activity that has been examined with the greatest care and with the most critical interest by governments, organizations and competent individuals all over the world. Many of you will perhaps have read the recent report made to the Federation of British Industries by a small group of its members who were sent to New York where they studied the activities of the technical assistance administration in great detail.

The chairman has allowed me to place a copy of this report in the records of this committee where it will be available to anyone who wishes to examine it who has not already seen it.

The conclusion of this group of hard-headed British businessmen as expressed in Sir Norman Kipping's report can be summarised in the following words:

From what we have seen, we are satisfied that the concept of technical assistance, besides being right on broad humanitarian grounds, is in general politically and economically sound . . .

. . .

. . . We hope that British policy will be able to provide for increasing United Kingdom participation in this work, both financially and operationally.

. . .

. . . Besides hoping that the British may progressively increase their share in this work, we urge that fresh consideration be given by Her Majesty's Government to giving a lead to others by announcing the scale of support it will give at least two years ahead, subject to Parliamentary approval.

. . .

. . . We express our opinion that there are many technical assistance projects for which the offer of really good experts from the United Kingdom is most desirable, and we urge all concerned to be readier to release men in such cases.

It would be possible to give many examples of economic and social progress that have resulted from even the small programme that we have been able to initiate during the last five years. In my opinion there is not the slightest doubt that a really significant program in this field.

That is to say, a program more widely supported both financially and in personnel would produce financial and commercial results that would have a tremendous influence on the prospects for lasting peace, and on the future prosperity of our highly industrialised countries of the West.

But in conclusion, Mr. Chairman, I think it must be said that technical assistance, and all that is encompassed in that term, is fundamentally a moral issue. The programme was started and is being carried on *not only* because it strengthens the cause of peace, and *not only* because it holds out the promise of immense commercial profits. Its real motivation is found in the fact that it is the right thing to do. We in Canada have been born and have grown up in an atmosphere of freedom and democracy, we have been nurtured in the principles of Christianity. It is simply not possible for human beings with such a tradition, in Canada or in other fortunate lands, to rest in comfort

and indifference when *we know* that by a concerted and determined effort we can put an end, within a relatively short time, to a measurable part of the unnecessary ignorance, disease and hunger that affects so many human beings—men, women and little children with needs and fears and hopes like our own—in other parts of the world we share.

The CHAIRMAN: Thank you very much, Dr. Keenleyside. Before we open the discussion I would like to call item 103 which is the item of the estimates which reads:

To provide for the Canadian Government's Contribution to the United Nations Expanded Program for Technical Assistance to Under-Developed Countries in an amount of \$1,500,000 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1955, which is \$1,448,438.

In order to avoid repetition I thought it would be in order to call this item before we open the discussion and if members agree later on we can consider it approved without having to come back to it. Are there any questions, gentlemen?

Mr. STICK: This has been a most interesting summary of the work, and I know we are all very interested in it, but what strikes me is that Dr. Keenleyside said they need more money and technical assistance and so on. Do you budget for your needs in advance, and then circulate your needs to the different countries who subscribe to this fund?

The WITNESS: What we do, Mr. Chairman, is to draw up an estimate on the basis of the amount of money that is expected to be made available. At the time we first estimate it it is pretty largely a guess. We then distribute to the individual countries an indication of how much money is likely to be available to meet their needs during the coming year. The country with the assistance of our representatives in the field then works up its program, developing a series of projects and presenting them roughly in the order of priority they attach to them. These are sent for examination to the individual agencies and to the technical assistance board. When approval has been given to as many of those projects as can in fact be financed from the money that is likely to become available that approval is made known to the government and we begin to work on the program. Then, at a stage that follows all this, the actual pledging conference is held. Then we find out whether our estimate of the amount of money to be provided was or was not accurate. That is where one of our great difficulties arises because the sequence is wrong, yet there does not seem to be any way at the moment of changing the procedure except as more governments may follow the example of the United States, and the Netherlands—and now I hope the United Kingdom in making known more than six months in advance what they expect to provide for the succeeding year. That is roughly the procedure—what we call country programming. The countries themselves decide on the program which they want, but they have to make their decisions in the light of what we tell them we think will be the amount of money available for each of them.

Mr. STICK: It seems to me, Mr. Chairman, that the government should budget a year in advance of this work to give you an opportunity to know where you stand in order to plan your work.

The WITNESS: That is certainly true. It would mean not only a vastly easier task for us, but it would actually mean a savings in administrative costs because we would not be put to the nonsensical necessity of rebudgeting and refinancing and reprogramming three or four times a year. As it is now—at this time in 1955—we do not know within about \$8 million how much money

we are going to have for the rest of this year, and we probably will not know until sometime around the middle of August. We cannot be really efficient under circumstances like that.

Mr. COLDWELL: During the course of your remarks you said you had applications for aid that were worth while in the ratio of three to one which you could accept.

The WITNESS: Yes, sir.

Mr. COLDWELL: Have you at any time presented the governments that are contributing with what the entire program would cost and how much would be needed if you were able to accept all the projects which you considered to be worth while?

The WITNESS: In preparing for 1954, we gave an estimate to the contributing governments indicating that during that year we would be able to use efficiently for meeting requests that were already in sight something of the order of \$35 million to \$40 million. In spite of that presentation the amount of money that was provided for that year was about \$24½ million. We cannot under the present system give a complete list of all the projects the countries want because under the arrangement we now have to try to give them a realistic estimate of how much money they are going to get and then they trim their programs before they ever present them to us. In fact, we know because we help in working out their programs, that they are cutting off item after item because they know we cannot provide for them. There would be something to be said, I think, for encouraging the governments, say on a trial basis for a year, to make out a list of all the things that they want and could effectively use and then present that to the world as what might be done if the funds were available.

Mr. STICK: That is what I had in mind.

The WITNESS: We have not actually done that and I think there might be some opposition to our doing it, but it seems to me it would make good sense.

Mr. PEARKES: Could Dr. Keenleyside give us any idea as to either the amount or the percentages of the total budget divided between the seven agencies as shown on the chart?

The WITNESS: Mr. Chairman, I can give that with fair accuracy. Originally the money was divided on a conventional basis between the six most important agencies; the World Meteorological Organization and the International Telecommunication Union not being given an individual allocation, but coming under our T.A.A. item. That has been modified since because provision has been made for the countries themselves to decide whether they especially want help from say the World Health Organization or the Food and Agriculture Organization. So within certain limits countries can make individual decisions. The approximate situation at the present time is that the Food and Agriculture Organization receives in the neighbourhood of 28 per cent. We in the technical assistance administration plus the W.M.O. and the I.T.U. receive in the neighbourhood of 25 to 26 per cent. The World Health Organization receives in the neighbourhood of 20 per cent, UNESCO receives approximately 12 to 14 per cent and the International Labour Organization receives approximately 10 to 12 per cent. I am not sure whether that adds up to 100 per cent, but those are the approximate figures. The International Civil Aviation Organization receives about four or five per cent.

Mr. HERRIDGE: Mr. Chairman, could Dr. Keenleyside describe to us the type of assistance we would be rendering in two or three countries?

Mr. COLDWELL: What did you do in Bolivia, for example?

THE WITNESS: Well, Bolivia is an interesting example, because there the government asked for a form of assistance that was in reality an attempt to strengthen the general economy of the country, an effort to work out an integrated program that would improve the economy and at the same time make comparable changes in social conditions. We felt after examining the situation there that the thing they needed most of all was aid in administration. The Bolivian government had changed so frequently throughout the whole period of its independence that it had not developed a core of experienced administrators. They did not even have ministers and political leaders who had had any considerable period in office. In 125 years of independence they had somewhere in the neighbourhood of 75 or 80 revolutions. During the 25 years preceding our examination there had not been a single president who had continued to the end of his term. In the 10 years preceding our examination they had had, I think, 7 or 8 revolutionary changes and ministers had changed in the most important departments of government at the rate of about once every three to six months. That was also true of the civil service. At the time we studied the Bolivian problem in 1950, the senior civil servant who had had the longest period in office had held his post for only $4\frac{1}{2}$ years. Obviously you cannot deal with a government that has had that kind of history in the way that you could deal with a government which has had the stability of, for example, the government of Canada. In talking with the officers of the Bolivian government they encouraged us to propose a system under which a small group of expert administrators would be brought in from a variety of other countries and spotted at critical posts in the civil service. They would actually become Bolivian civil servants subject to dismissal by the Bolivian government. But they would be in positions when they could do a serious job of competent administration, and could simultaneously train Bolivians to take their places. That was the first thing that was done. In addition to that the agricultural group that were participating in the study made plans for a program that has resulted in a very considerable redistribution of the land holding system of the country. Previously there had been absentee landlordism on an exaggerated scale. There were great quantities of land which were being held out of active development. That has now begun to change. In addition they worked out a program for the development of sugar production in the lowlands of Bolivia. This should make it possible for Bolivia to cut down on its import of sugar, which has recently amounted to \$8 million a year, when in fact they could produce all the sugar they need by effectively using their own land. This would also involve to some extent a movement of people from the Altiplano—the plains at 12,000 to 13,000 feet—down into the lowlands. This is a problem of some importance, and it is, I think, being solved. ,

Our transportation people cooperated with the government in working out a scheme for tying together some of the more important parts of the country by roads which did not at that time exist, and by improving other facilities including the use of air for the transportation of supplies from the lowlands to the highlands. Bolivia is a country that geographically runs to extremes. About half the country is at an altitude of over 12,000 feet, and the other half of it is at an altitude of 500 or 600 feet. The Amazon river even 3,000 miles from its mouth is only at an altitude of about 500 feet, and the upper basin of the Amazon is part of Bolivian territory. These two sections of the country can be made complementary but at the present time they are divided and of little help to each other.

We had on the mission two mining experts who worked with the Bolivians in trying to develop a greater diversity in their mining activities. Previously tin had been the only production of any significance and yet it was known that there were resources of other minerals available. So work was

done on them. In addition, we helped the government in the drawing up of a labour code which was a modification of one which they had already enacted. The one they had on paper was one of the best labour codes in the world, but it just was not applicable to conditions in Bolivia; it simply could not be carried out. Modifications were made to bring about a less theoretically perfect code but one which was more workable.

I could go on indefinitely about this, but the point is that we tried to attack the problem from a whole variety of different angles at the same time. We did not do anything dramatic like the building of an immense hydro electric development or anything of that sort. We did try to help Bolivia to work out schemes for a large number of small steps in progress in their economic life and comparable steps in their social development.

Mr. CANNON: How long has this program been in execution?

The WITNESS: The plan was drawn up in 1950. Its implementation was discussed with the Bolivian government in 1951. Then a revolutionary movement occurred that kept things in a turmoil for some six or eight months. A new government then came into office, and it all had to be gone over again with the new government. The striking thing about it was that all three governments were equally determined that they had to have assistance from the United Nations, and the present government which has now been in office for over two years—

Mr. CANNON: It must be something of a record!

The WITNESS: Yes, it is beyond the average. This new government is making a serious effort to carry out the program.

Mr. CARDIN: I wonder if Dr. Keenleyside would explain in greater detail the part that the World Bank and the International Monetary Fund play in the technical assistance program?

The WITNESS: They are not actually members of the technical assistance board which is our coordinating unit, but they do sit as observers on the board. The World Bank makes loans for development purposes to countries that can provide convincing proof that the loan is what you might call "bankable". If it is a good sensible commercial proposition, the World Bank will make the loan and they have made loans in large numbers and in large sums. Many of those loans have been made to enable governments to carry out programs that have been proposed or designed by various technical assistance agencies that have worked with the governments concerned. The bank does not make grants in aid, nor does it make long-term low-interest loans—both of which seem to some of us to be essential if we are going to get the kind of additional aid that is required to make the technical assistance device a really effective element in the development of the national economies.

The International Monetary Fund as its title indicates advises governments, on problems of international exchange. Both the bank and the monetary fund assist us in own recruitment. When we are asked, for example, to give a government a very senior official to act as a top adviser on financial policy. We normally inquire of the bank and the fund in regard to nominations for that post. Or if we have nominees of our own, we submit them to the bank and the fund and ask them for their appraisals. Thus we get the advantage of their experience and wide connections.

Mr. CARDIN: I read somewhere that the World Bank has loaned somewhere around \$2 billion since the inception of the program. Would that be approximately correct?

The WITNESS: You said \$2 billion. I am afraid I cannot answer that with any assurance, but it does not sound unreasonable. I think it certainly would be over \$1 billion.

By Mr. Bell:

Q. How much effort is made to make sure that we are given complete credit for our gifts, particularly for those which may go to those countries? I understand there is no case of political direction or anything like that: but sometimes accusations are made that the different governments which are in these countries use these methods to show that the party in power of that particular country is responsible for the gifts. Do we advertise the fact that these are United Nations gifts as such and that they have no direct bearing on the government?—A. There are really two problems involved in this question, and the first comment I shall make is this: that we do not normally make gifts. We do not provide equipment or capital goods in any considerable quantity; all we do is to provide demonstration equipment or materials that are needed for the carrying out of the duties of the individual experts. Ours is not in any sense a “give-away” program. We do not provide flour, wheat or anything of that sort thus we cannot label our assistance “Thus comes from Canada”, or anything of that kind.

Secondly, the theory on which the whole program works is that all the contributing governments put their contributions into a single fund, and the distribution from that fund is made in accordance with need: but it is not possible to trace a contribution from a contributing country through the fund to a recipient country.

Mr. KNOWLES: Here! Here!

The WITNESS: That, we think, is one of the strengths of the program.

We did have a problem in this connection about a year ago, but I should like this to be off the record.

(At this point the proceedings were off the record.)

By Mr. Bell:

Q. Do you feel satisfied that the United Nations as such is getting enough credit and publicity in the particular country they are assisting at the time?—

A. I do not think that I can give a final or universal answer to that question. In some countries I would imagine one might feel that more publicity should be given to the fact that the United Nations is aiding the government concerned. On the other hand, in other countries the local governments are very generous and emphatic in referring to the fact that they are getting assistance from the United Nations. In some cases they place rather special emphasis on the fact that they are taking aid from the United Nations, and that they are not taking aid from one or other of the individual national programs.

By Mr. Henry:

Q. May I commend you on the moral foundation on which you have placed your program before this committee. I think it is very important to rest your program on such a foundation. I am interested in the correlation between the economic and social aspects of the United Nations and GATT. Could you outline that for us, please?—A. I am afraid that I am not sufficiently acquainted with the present status of GATT developments to make any useful comment on this matter. I do not think that at the moment we can say that there is any very intimate contact between our technical assistance activities and the program or policies which are embodied in the GATT organization. I think that the two things, undoubtedly, supplement each other, and that the work we are doing in trying to improve the domestic economies of these countries will be done much more effectively if the principles underlying GATT can be implemented.

If an expansion of international trade does ensue from the establishment and operation of GATT our technical assistance activities will be very greatly assisted.

Q. Is there any great correlation of membership as between GATT and the countries represented on the economic and social council?—A. As I recall the situation, every country that is participating in the GATT negotiations is also a participant in the expanded technical assistance program.

Q. For all practical purposes the membership would eventually, in any event, be almost co-extensive?—A. Yes, although I imagine that for some time to come there will be many more countries in the technical assistance program than there will be in the GATT set up.

Q. Is there any correlation between the economic committee structure of NATO and the economic and social council of the United Nations?—A. No, I do not think there is any direct connection there at all. Here again it is simply a case of two organizations which are working along parallel lines; and in so far as either of them is successful, it will help the work of the other. The NATO organization of course is largely confined to more advanced countries.

Q. I have been looking over the subjects which you deal with in the economic and social council. I notice you have labour, agriculture, education, weather, health, telecommunication, and so on, which are all part of your purview. But it has struck me that trade and commerce is noticeably absent. Are we to think then with the explanation of the functions of the economic and social council that ultimately you will turn toward GATT to complete your circle of world activity?—A. I would think—and here I am no expert, because I have no real responsibility in connection with the economic and social council except in so far as it deals with technical assistance—but I would think that it is altogether probable that as a result of steps now being taken through and with GATT that there will be another organization comparable to the present specialized agencies which will concentrate on the problems of commercial activity.

Q. Are you indicating then that the economic and social council proposes to give birth to a new organization which would be the same, or which would cover the same ground as GATT?—A. That is a political question which I really do not think I can answer. I do not know enough about the present state of the negotiations which are taking place to offer any serious comment on it.

Q. I gather, having come to this point, that you would perhaps be loath to comment as to which of the three bodies, NATO, the economic council, or GATT would be the best designed to help with economic affairs among the western nations or the nations of the world at the moment.—A. I am afraid that the question is rather beyond my scope.

By Mr. Knowles:

Q. Dr. Keenleyside, would you please give us one or two examples of the type of requests you have had to turn down, and what the world has missed because you have not had enough money?—A. Well, we have had requests in the social field covering a great variety of activities, which we have not been able to undertake. I would rather not be specific about individual countries here; but we have had request for aid in establishing national social welfare organizations; we have had extensive requests in the field of assistance to the blind. Here, incidentally, perhaps I might give you an illustration of the kind of thing we have done. It will be of interest to this committee because Canada is so closely connected with it. Egypt has a heavy incidence of blindness Two and one-half years ago the Egyptian Government came to us asking if we could do something to assist in the establishment of a school for the training of

teachers for the blind. As a result of cooperation from the National Association for the Blind in Canada, we were successful in getting Dr. McGill to go to Egypt together with a colleague from England, where the two of them have established a school for the training of teachers for the blind. That school is now beginning to turn out groups of fifteen to twenty teachers every few months who will try to cope with this problem throughout the country as a whole.

In connection with this activity they have established Braille printing press in the Arabic language. This is the first time that this has ever been done anywhere in the world.

In the economic field we have had many requests for individual advisors to assist in particular industries, which we have had to turn down. Here again I might give an example of the kind of thing we have been able to do. A steel mill in Pakistan at Karachi, was having difficulties. The Government asked us for assistance. We found an expert in Yugoslavia and we sent him to Karachi where, after four months working with the Pakistan officials, he ironed out the difficulties which were holding up production and increased output by over 40 per cent. I could go on.

By Mr. Coldwell:

Q. Yesterday we heard Mr. Pearson say that improvements were being made in education among the Arab refugees. Has that been a part of your project?—A. Most of that has been done as a result of the work of U.N.W.R.A. We have done other things in that same field which might be of interest. For example, there was the case of the refugees who, following the partition between India and Pakistan went to Karachi and increased the population of that city by some 700 thousand in about three years. It was as a result of the work of hydrological engineers whom we sent out that the water supply of the city of Karachi has, over the last twelve months been more than doubled. Here engineers managed to locate within the immediate vicinity of the city a new source of sweet water which has enabled the authorities to take care of the additional refugee population.

By Mr. Garland:

Q. Perhaps Dr. Keenleyside would be good enough to clear up something in my mind. In your presentation you referred to contributions of two kinds, financial and personnel. Does that mean that when "A" country contributes "X" dollars, there is some other contribution made besides that, or is the personnel contribution that might be provided included in that figure?—A. The immediate and direct contribution of the government is first the financial contribution. But many governments are supplementing that by giving assistance in obtaining personnel from within their country. For example, when we want to get a Canadian to do a job under our technical assistance program, we contact Mr. Cavel's organization, give them a description of the job, and ask them if they can find somebody who can do it for us. When Mr. Cavell finds a man, and the man accepts the position, and the government accepts the man, then we pay him and look after him during his employment. Thus the governments do help us in that operational way.

Q. Is there any rule, yardstick, or way of knowing or placing on the record here the real contribution of the various countries? I have in mind: if Canada was contributing \$1½ million and another country was contributing \$1 million, does that present a true picture of the assistance that is being given?—A. No, it does not. If Canada contributes \$1½ million, it is probable

that in the course of the year Canadians will take back about \$1½ million of it through payments for their services. On the other hand, another country might not have the same proportion. I would have to check the figures, but my impression is that United Kingdom nationals are actually receiving more money from the program than the U.K. Government is putting into it.

Q. Therefore there would be a useful purpose in placing on the record of this committee the various contributions of the different countries?—A. I would be glad to do it. I have them here.

Q. That is what I had in mind. I would like to see them, if it is possible, and especially the figures for 1954.—A. Certainly.

Q. I have another word along the same line: has there been cooling-off or new enthusiasm during the last five years in the various countries? In other words, is there a desire on the part of some countries to pull away from the contribution, to reduce their contribution, or at the same time with other countries to increase their contributions?—A. Yes. Prior to the conference in November 1954, there was a decided movement among some of the contributing countries to try to get the total very materially increased; and while we cannot give the final figures yet, twenty countries out of the 75 or so which contributed for 1955 did increase their contributions. One of them, Norway, trebled its contribution and Holland increased its contribution by, I think, 40 per cent, and so on.

No countries decreased their contribution. Actually, as I said, it was hoped for a time in the autumn of 1954 that the period had come when it was going to be possible to bring about a very material improvement in the situation, and that something like the original intention might now be achieved. But it did not amount to that because most of the large contributors did not make much of an increase. The British contribution went up by about \$300,000.

By Mr. Knowles:

Q. Would it be useful, Dr. Keenleyside, if a country such as Canada announced, for example, that it would double its contribution? Would that set an example to the other countries? You said that Norway had trebled its contribution. If we said we were going to double our contribution would that have any effect on other countries?—A. I think it would have a very material effect and I think it would be observed with a good deal of interest for example in Washington. I think it is permissible, perhaps, even for a civil servant to say that the reputation of Canada as a hard-headed and well managed country is high and if it were noted in other capitals, as it would be noted, that Canada had proved interest and enthusiasm in that way the result might be very noticeable.

Q. When we consider this estimate we might consider that angle.

By Mr. Patterson:

Q. In this same context are there any nations which fail to fulfil their pledges?—A. There have been cases. From 1950 I think there is one pledge still outstanding. That was for the year 1950-1951. The total collections, however, have been exceedingly high and I think that in comparison with any other international activity of this kind we can say that this programme has just about the best reputation. My recollection is not perfect on this point but I believe I can say that the collections over the whole period, from the beginning of the scheme to the end of 1953—because there are still a few contributions outstanding for the year 1954—would run at over 97 per cent, and we expect that those contributions that are outstanding for 1954 will soon be paid.

Q. Is it your policy in any way to allocate funds on a regional or geographical basis? Does that enter into your plans at all?—A. Yes, Mr. Chairman, it does. The allocation of funds is affected by a number of considerations; first on a regional basis. For this purpose we think of the world as divided into three parts—Asia and the Far East; the Middle East, Europe and Africa; and Latin America. We think of the number of people in the different areas. We think of the money made available by national programs, through Point Four aid, and through the Colombo Plan for example. And we also consider the stage of advancement of the individual countries within the areas.

All of these more or less imponderable considerations are taken under review and the Technical Assistance Board comes to a conclusion which is subsequently examined by the Technical Assistance Committee of the Economic and Social Council. They decide whether we have been reasonable or not in the way in which we have divided the funds. No one can do this in a way that would satisfy everybody. Obviously there are going to be complaints—people feel that one area or country has suffered in relation to another. All we can do is go about it in good faith and sincerity and do the best we can.

Q. Would your contributions in the three major areas you have mentioned be fairly evenly balanced?—A. Roughly, I would say, it would run something like 40 per cent for Asia and the Far East; a little over 30 per cent for Europe, the Middle East and Africa, and perhaps 27 or 28 per cent for Latin America. That is approximate and I would not want to be held to these precise figures. But it is something like that.

By Mr. Jutras:

Q. In your integrated schemes, or “forward schemes” to be carried out over a number of years have you had any cases where the countries concerned have dropped out before you could complete your anticipated program?—A. We have had instances, Mr. Chairman, in which programs have been started and then dropped by mutual agreement between ourselves and the country concerned because it was obvious that they were not working as it had been hoped they would work. I cannot think of any case in which a country has unilaterally declared that a program which has been undertaken should not go forward and decided to drop it.

By Mr. Pearkes:

Q. What degree of permanency exists among your technical officers? Are they taken on for a year or two or are they what you might call in some cases “career men”?—A. Mr. Chairman, the conditions of their employment vary from case to case. We have people who are taken on as experts for a period which may be as short as three or four weeks. Occasionally there is some little detail of a commercial or industrial activity which can be dealt with in that kind of time. On the other hand, there are instances in which contracts are made with individual experts for periods of three years. We cannot do that very often because we are not sure enough of the financial situation to take such chances, but there have been instances in which that has been done. The best thing is to get a man who is a really outstanding person from the standpoint of technical ability and personality and who is in a field in which there is a constant demand, and then we can tell him with good assurance that we want him to go to country A today and stay there for a year or two years, and that at the end of that period we shall give him another appointment in another country in the same field of work. We have an increasing number of people of this kind—outstanding men who are prepared to devote their lives to this activity—and they are in fact becoming members of a career service.

Q. Is there any superannuation?—A. There is not as yet a scheme in operation which would allow us to make superannuation arrangements for such people, but one is being worked on and I think there is a good chance of having something that will be effective in the near future.

Q. Have you got a scheme of recruitment for enabling younger men to enter the service more or less permanently—perhaps to train men who will not become experts until they have joined your service and learnt the details of your operations?—A. This, Mr. Chairman, is one of the most serious problems with which we are faced. We are constantly being approached by young men and women urged on by idealism and the desire to do something useful in the world who want to join the service and make a life work of it. We cannot offer people of this kind very much hope. The fact of the matter is that the experts whom we nominate must be accepted by the governments to whom we propose them, and governments just won't take young men. They demand experts of a certain age and experience and maturity—they have to have an established reputation and long experience in their field of work, and if this is not the case the government will say: "We have people as good as that here. What we need from the United Nations are people who are at the top of their professional or business activity—people who are recognized experts". Also there is a strange attitude in many of the countries which places a tremendous emphasis on age. It would almost seem that a bald head or grey hair is the trade mark of an acceptable nominee.

Q. In that case there may be a chance for me.

By Mr. Byrne:

Q. Dr. Keenleyside, I think, left a wrong impression with the committee, or at least in my mind, on this matter of the contribution. I am not insisting at all that \$1,500,000 is sufficient for a country as well off as Canada to make. I think perhaps we should go even further. But Dr. Keenleyside said that one and a quarter million dollars of the \$1,500,000 which we contribute comes back to Canada in way of purchases of either goods or services in Canada. Does Dr. Keenleyside not think that even if the \$1,500,000 were spent in goods and services in Canada it would still represent an economic drain on Canadian resources to the full amount? I do not think it is correct to say that one and quarter million dollars comes back to our national treasury, leaving an amount actually contributed of only one quarter of a million dollars.—A. Mr. Chairman, I did not want to give that impression at all. I do not in any way want to belittle the contribution which my own country has made. I am very proud that we have done proportionately as much as we have. I believe that all countries might well be giving a good deal more; but perhaps the committee will consider me a prejudiced witness. What I tried to suggest was that this is not a loss of one and a half million dollars to the Canadian economy as a whole, because while the Canadian Government pays one and half million dollars toward the program individual Canadians, who after all are part of the Canadian economy, are getting a large part of it back again.

Q. The fact is that when we give one and a half million dollars we have to give that in goods and services—the money itself is of no value to those you are helping. It must be spent in Canada otherwise we are simply not making that contribution.—A. I do not wish to be unfair about this, Mr. Chairman, but I would point out that there is no regulation in this case, as I think there is under the Colombo Plan, although I am subject to correction on that, that the money must be spent in Canada. It may be spent anywhere.

Q. I am not suggesting that there should be, but eventually it would be spent in Canada through devious means, otherwise we are not making the contribution.

The CHAIRMAN: Not necessarily—the money could be paid into a fund and spent in another country on goods of another country. It does not necessarily have to be spent in Canada.

Mr. BYRNE: That is my view of the economics of the matter—that money represents goods and services. That is the only way in which we could make a contribution.

The CHAIRMAN: If a million and a half dollars comes from the Canadian treasury and goes to this agency the agency has the right to use it in any way it feels is in the best interests of the people it is serving.

Mr. BYRNE: I will not press the economic argument now.

By Mr. Herridge:

Q. I understood you to say, Dr. Keenleyside, that your planning on occasions was somewhat adversely affected by the failure of some countries to pay their contributions promptly. Has Canada set a good example to other countries by paying her allocation in good time?—A. I would have to answer that by saying that Canada is about in the middle.

Q. We should do better than that.

The CHAIRMAN: Are there any further questions?

By Mr. Garland:

Q. Would Dr. Keenleyside care to comment in the light of the experience he has, on what seems to be the determining factor in connection with the degree of enthusiasm or lack of enthusiasm shown by various countries towards the program and expressed in their contributions? Is the smallness of contributions a measure of lack of enthusiasm, or does it reflect ability to pay?—A. I am not sure Mr. Chairman that I can isolate elements with any assurance in regard to any country. Certainly there are some countries in which there is more enthusiasm for the program than there is in others. I think particularly in that respect of Holland which is a very ardent supporter of the program, and of Norway which not only supports this program *per capita* more effectively even than we do in Canada but which runs a program of its own on the side. Indeed, all the Scandinavian countries are among the most enthusiastic supporters of our endeavours. Of course, the amount of the contribution is affected by the financial position of the country—the measure of prosperity that exists there at any given time affects how much it can give, or how much the government may be willing to do. I think perhaps the point you have in mind can best be answered by saying that as enthusiasm increases among the people of the various countries the governments respond, and that there is a direct relation between the kind of interest that is taken broadly and generally, in the press and in the labour organizations, the farm organizations and the business organizations of a country and the results which materialize in government contributions. I think, for example, there is not the slightest doubt that the report of Sir Norman Kipping to the Federation of British Industries has had a material influence on the thinking of the British Government and I would be inclined to think it is a reasonable assumption that the increased British contribution for 1955 was directly affected by what the Federation of British Industries said about the program.

Q. Would you care to make any comment on the degree of enthusiasm for your work shown by those countries which we refer to as being behind the Iron Curtain?—A. Until 1953 none of the countries to which you refer had made any contribution to the program. In that year a start was made, and since then Russia, Poland, Yugoslavia and Byelo-Russia have made contributions regularly. The amounts are not very high—the Russian contribution

is the largest, being the equivalent of one million dollars a year. In the statements made by the representative of those countries at the general assembly, in the economic and social council and so on they always refer to what they describe as the enormous technical assistance programs which they themselves are carrying on, comparable with the "point four" activity in the United States, the Colombo Plan, the French program, and so on.

Q. Is there any apparent desire on their part to lessen any other activities and engage more enthusiastically in this program?—A. Only to the extent that after not engaging in it at all they have for the last two and a half years taken a more active part.

The CHAIRMAN: Are there any further questions. I think we have had an exceptionally fortunate day for studying item 103?

Shall we consider that as agreed?

Mr. KNOWLES: It is understood, of course, that when we come to consider the report we shall be able to discuss that?

The CHAIRMAN: That does not prevent our discussing this matter when we come to the report itself.

Item agreed to.

The CHAIRMAN: I am sure it will meet with the general approval of members of the committee if I express our thanks to Dr. Keenleyside for his most interesting presentation. He is a Canadian who has filled an important post in the Civil Service of Canada before being called on by the United Nations to direct the activities of one of its most important agencies. He is thus continuing his public service in an even larger field and has brought honour to his native land. He is a Canadian of whom we are entitled to be proud and this committee is, I am sure, grateful that he has given us today some of his time in telling us about the work of the agency which he is directing. Thank you.

Now, gentlemen, the committee will stand adjourned at the call of the chair. We shall probably meet on Wednesday afternoon of next week.

Standing Committee on, 1955

HOUSE OF COMMONS

Second Session—Twenty-second Parliament,
1955

Government
Publications

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 16

WEDNESDAY, JUNE 1, 1955

ITEMS 107 and 108 of the
Main Estimates of the Department of External Affairs (1955-56)

WITNESS:

General A. G. L. McNaughton, Chairman, Canadian Section, International
Joint Commission.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE

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Richard (*Ottawa East*)
Starr
Stick
Stuart (*Charlotte*)
Studer—35.

Antonio Plouffe,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

WEDNESDAY, June 1, 1955.

(26) 25

The Standing Committee on External Affairs met this day at 3.30 o'clock p.m. Mr. L. Philippe Picard, Chairman, presided.

Members present: Miss Aitken and Messrs. Bell, Boisvert, Breton, Cannon, Cardin, Coldwell, Crestohl, Croll, Gauthier (*Lac Saint-Jean*), Herridge, James, MacKenzie, McMillan, Patterson, Richard (*Ottawa East*), Starr, Stick and Stuart (*Charlotte*).—(20)

In attendance: General A. G. L. McNaughton, Chairman, Canadian Section, International Joint Commission, Miss E. M. Sutherland, Secretary and Mr. D. G. Chance, Assistant Secretary.

The Committee continued its study of the Main Estimates (1955-56) of the Department of External Affairs.

ON ITEMS 107 AND 108—International Joint Commission— Salaries and surveys, etc.

General A. G. L. McNaughton was called. He made brief comments on the items before the Committee.

The witness tabled a copy of the minutes of a meeting of the International Joint Commission held in Washington on April 5, 1955, with respect to the Columbia Basin Reference of March 9, 1944. Copies were distributed forthwith.

General McNaughton answered questions on

1. Downstream benefits of the Columbia River diversion.
2. St. John River Reference of September 28, 1950.
3. St. Lawrence Seaway Channel.
4. Water pollution.
5. Dissemination of information on river developments.

At 4.40 o'clock and 5.20 o'clock p.m., the division bells having rung, the Committee suspended its proceedings and resumed at 5.15 o'clock and 5.40 o'clock p.m. respectively.

Items 107 and 108 were adopted.

General McNaughton's evidence being concluded, he was retired.

At 5.50 o'clock p.m. the Committee adjourned until 3.30 o'clock p.m. Thursday, June 2.

Antonio Plouffe,
Clerk of the Committee.

EVIDENCE

JUNE 1, 1955.

The CHAIRMAN: Gentlemen we have with us this afternoon General McNaughton who does not need any introduction to you, and the purpose of his coming here is to give us some information on items 107 and 108 of the estimates of the Department of External Affairs. I will read the text of the votes to open the meeting, and then I will ask General McNaughton to say a few words. There is no written brief to be distributed, but I think he has some remarks which may be of interest to the committee, after which he is at your disposal to answer any questions.

107. Salaries and Expenses of the Commission including, subject to the approval of the Governor General in Council and notwithstanding anything to the contrary in the International Boundary Waters Treaty Act, as amended, payment of salary of the Chairman of \$17,000 per annum, \$103,114.

108. To provide for Canada's share of the expenses of studies, surveys and investigations of the International Joint Commission, \$111,550.

Mr. COLDWELL: That is about \$218,000 altogether.

The CHAIRMAN: Excuse me—\$214,664.

Now I would like General McNaughton to make his remarks, after which he will be available for questioning.

General A. G. L. McNaughton, Chairman, Canadian Section International Joint Commission, called.

The WITNESS: Mr. Chairman, gentlemen. These two votes cover the work of the Canadian section of the International Joint Commission in all matters which are administered from our office. In addition to the funds which we have asked parliament for here, the various departments from which we draw technical assistance—engineers, legal advice and so on—have their small votes to provide for the salaries of their officers who are supplied to us—usually on a part-time basis—and also for some of the expenses related to particular investigations which we carry out.

The general procedure in organizing these votes and setting up the expenditure has been that when we receive a new reference requiring work of some particular character we make the preliminary estimates and those estimates appear under the Department of External Affairs. As matters get organized and we can see where the principal lines of work and effort are going to be in carrying out the investigations, the money is shifted to the departmental estimates and the departments take responsibility for the administration of these matters. They get the information and, of course, supply it to us. I think that gives flexibility since we are using the other people's men and it gives the deputy ministers a better chance to control their own staffs. They know what is going on and it relieves us of a great deal of administrative work which we are not well equipped to perform. In relation to the vast extent of the work which falls to our lot today we have a very small staff indeed and we do not want to be tied up with detailed administration

any more than we can possibly help and we prefer, with our small staff, to give more attention to the problems themselves.

We have the details of the vote here; it has been published and if there are any questions on it I would be very happy to try to answer them. I would like Mr. Chairman, perhaps as a matter of privilege, to table one document which I think the committee will find of considerable general interest. As you know, the problems of Columbia have been very much in the public eye recently and have been engaging the attention of parliament and yourselves. I have been in this position: that while I was appearing before various committees to give evidence in connection with these matters I have had also to take part in the discussions of the International Joint Commission, and at the last meetings of the commission in April I pointed out to my colleagues the difficult position in which I found myself in discussing matters which were before parliament, and at the same time appearing and discussing them before an international body. I made it a condition of entering the discussions in Washington that those discussions would not be regarded as closed discussions but that the record when it became available might be tabled by me before this committee in order that this committee might know what their witness was doing between sessions, and also exactly how we were conducting these important negotiations and the principles which were involved. Therefore, sir, with your permission, I will table this document which is the record of the International Joint Commission's session in Washington on the Columbia Reference of the 5th of April. This does not bear on the previous discussions we have had because it concerns what we are going to do in the future—how we are actually trying to solve this problem of the allocation of benefits between Canada and the United States with regard to the great national resources which exist in the way of water which may be stored and used to generate these very large amounts of power.

The CHAIRMAN: I see that General McNaughton is providing us with copies of this document which will be distributed to each of the members for their information. There are 44 pages of it and I wonder if it should be printed as an appendix. I think that if all members of the committee have it, and if we have a copy in the hands of the secretary it will cover the needs of the committee for the moment. So we will have this one as an exhibit in the hands of the secretary of the committee and all members will receive a copy.

Mr. CRESTOHL: I think it should be recorded, Mr. Chairman, that there was no request by the committee for its printing.

The CHAIRMAN: That is right. But the General thinks it may be of interest to all of us who have been following the discussions up to the present point in order that members may know what is being done.

Now General McNaughton is at the disposal of the committee. The details of these votes will be found on page 186 and 187 of the Estimates in respect of the year ending March, 1956. If there are any questions which members wish to ask, now is the appropriate time to ask them.

Mr. HERRIDGE: I think that because of the importance of a public understanding of the principle of downstream benefits and its application to streams in Canada I should ask General McNaughton to tell the committee how important this matter is becoming between various states in the western United States and what they are doing in the matter.

The WITNESS: As to what Mr. Herridge has said, the question of downstream benefits is something which has become exceedingly important particularly in areas like the valley of the Columbia in which the rivers rise in the mountains in Canada, flow for considerable distance through our territory and then cross the boundary, dropping a 1,000 feet or more before they enter

the sea. Most of these rivers in the west—in the mountain regions—are fed by glaciers; they are ice-melt streams. They are very full, the water rising to flood levels, when the sun shines on the glaciers, but they drop to almost insignificant proportions in the fall months, through winter and into the spring, and in consequence they have high flows for only about five months of the year. It is not very economic to develop these streams for power because after putting in a lot of generators, transmission lines and all the rest of your equipment you only have the benefit of the full flow for less than half the year. So an essential feature in getting economic power development in these regions in this: that in addition to providing your dams and generators and so forth you must also provide storage and you must store water at high altitudes, gathering it by retaining some of the flood waters and keeping it in reservoirs and then letting those waters flow out of the reservoirs during the season when otherwise the flow of the rivers would be very small indeed.

I have a hydrograph here chosen at random which illustrates the point—it relates to the Kootenay river at Bull River which is about 50 miles or so north of the boundary. During the months of November, December, January, February, March and part of April the river has a flow of the order of about 2,000 cubic feet per second, but when the sun shines on the glaciers of the mountains on the Alberta boundary from which this river draws its water the flood goes up to 30,000 cubic feet per second or more—up to fifteen times greater than the flow during the rest of the year. If you did not keep water stored up above you would not be able to develop more than the 2,000 cubic feet per second or so of the minimum flow.

Of course, if somebody in the upstream state for example, creates great reservoirs and goes to the trouble, or shall I say, processing the waters by keeping them in reservoirs and letting them out in a regular flow, that is a most useful service which is being rendered and it is of great benefit to every downstream plant that exists. I think that on a previous occasion I gave some idea of the amount of energy which is involved in stored water. A single acre foot of stored water dropped down through one foot head at 100 per cent efficiency would give 1.02 kilowatt hours of energy. In practice you do not get 100 per cent efficiency but in hydro electric plants now you do get something of the order of 85 per cent efficiency, so if you multiply 1.02 kilowatt hours by 85 per cent it gives .87 of a kilowatt hour. It sounds very small—a kilowatt hour—but consider the quantities we are dealing with. We are dealing with reservoirs whose capacity is measured in millions of acre feet and we are dealing with heads in the case of the Columbia river for example of 1,300 feet from the boundary to the sea. So when you multiply this figure of .87 of a kilowatt hour—this electricity produced out of an acre foot—by a million and get it into the units in which we are measuring our reservoirs—and by 1,000 feet or 1,300 feet as the case may be, the total would run, in the case I have mentioned, to nearly a billion kilowatt hours of energy.

Again, in these regions they are very fortunate in being able to get their energy for about 2 mills per kilowatt hour. Other sections of the country are not so well provided for by providence. In Seattle, for example, the standard price is 9 mills—almost a cent a kilowatt hour. So members of the committee will see that there is a value conferred on the people downstream by the existence of a regular flow—a value which is almost astronomical.

The labourer is worthy of his hire, and the man who stores water is worthy of being given recompense for doing so and generally when we speak of downstream benefits we are speaking of the need to compensate the people upstream for putting water into storage and letting it out in a regular flow so as to make it possible to develop these immense quantities of additional

energy. Remember, also, that this energy is all saved because if you do not store water in the way I have described nobody can use it—it goes down uselessly over the dams and out to sea. This is energy which is conserved. We have never said in our discussions exactly what the bargain for downstream benefits should be; we have said that people should recognize this additional value which we create and that there should be a fair bargain between the user of the energy and the man who provides it. Actually one finds that for one or two mils per kilowatt hour one can provide energy which otherwise the people downstream have to raise by steam, because they cannot fill the gap in their demand otherwise, and steam-generated energy costs something of the order of 6 or 7 mils at least, supplied "on peak". So there should be proper compensation paid.

The people downstream in the United States have tried to contend—and are now contending—that all the flow is at their disposal when the water comes to them and that we should not get any compensation at all for what we do. We started off in the Columbia studies on the basis that there would be a fair allocation of benefits but I think our friends south of the line thought that there was not very much we could do about it in the way of using the water ourselves; anyway they broke off the discussions on these downstream benefits. It was that attitude of mind which caused the members of the Canadian section of the commission to say "if that is the case—if they will not talk these matters over fairly with us—we shall see what we can do with our rivers ourselves. We have the right under the treaty to divert these flows. Let us see whether we can do it."

That is what started us on the studies for the project of diverting this great Kootenay river through the Canal flats and putting it into the Columbia where we can get an additional 570 feet of head in the use of these waters in Canada, and when we found that was reasonably possible and economic we carried the studies one stage further to see if we could take the waters from the Columbia itself through the Monashee mountains and use them to regulate the Fraser flows. I can give the committee an idea of the vast significance of these projects which are now envisaged, though I cannot give too much topographical detail because we have only been able so far, with the limited funds at our disposal to carry out general topographical studies. As a result we know it is reasonably worthwhile to go on with the detailed investigations. This year the Department of Northern Affairs and National Resources, on one of the other votes, will have a substantial item of \$250,000 for this work. This will enable us to consider the actual problems regarding the tunnels which will have to go through the Monashee mountains, the underground power houses and all the other appurtenances.

The potentiality as a result of these two diversion in power which will come from them for Canada—power which would otherwise be lost—will run to about 26 billion kilowatt hours per annum in a bad year. And there is very much more to it than that, because by using these waters to regulate the Fraser, which is an ice-melt stream, we shall be able to develop rather large power sites on the Fraser. And so, if these matters work out in the way we feel there is a reasonable prospect of them working out, we believe that the Fraser valley will probably become one of the best industrial areas in the world in so far as power is concerned, and what is more this power gives every promise of being reasonably cheap to begin with and, unlike any other regions of the world, of becoming cheaper with each step in the development right through the next two or three decades before it comes to complete utilization. Thus the prize which is at the end—if our engineers can successfully accomplish the aims we have set for them—is one of tremendous benefit and potentiality for British Columbia and, through British Columbia, for Canada.

The only other way in which we can get any benefit out of these great storages of water in Canada commensurate with the effort required in connection with them would be for the United States to agree to share the benefits with us by returning to us, say, half the power developed downstream; and that, at the moment, they are reluctant to do.

In New Brunswick, the eventual capacity of Beechwood would be about 68,000 kilowatts. At Morrill I understand they can eventually add another 44,000 kilowatts and at the Hawkshaw site below there is the possibility of 75,000 kilowatts. These powers, compared with the powers on the Columbia basin for example do not seem large, but they are very important to the province of New Brunswick and we on the commission have felt all the way through that it was up to us to bend every effort to try to arrange the proper planning of this river which is international in character, and thus has ramifications in our dealing with the United States. This river, which for part of its course, is a boundary water, the boundary actually runs down the middle of the stream. Further up—unfortunately, we think—the people who made the treaty and drew the boundaries allowed the headwaters of the St. John to be in the state of Maine. This river therefore comes into what we call the article 2 category which deals with rivers which flow across a boundary. Now, if we are to have storage in Maine we will have to concede to them the same kind of downstream benefits which we are claiming elsewhere. The province of New Brunswick is perfectly willing to enter into a fair deal on this matter. I cannot report very much on this item because we are in discussion on it at the moment.

That is how far we have been able to go in connection with the St. John reference. We have been able to make a very thorough investigation and to give the province an assurance over the signatures of some of the best engineers in North America,—both Canada and the United States—engineers who worked for the commission—that this (Beechwood) is a real economic development. We have also been able to give the government of New Brunswick complete assurance that there are no international complications before them. Those have all been brought up and discussed and reconciled in advance, so if they feel they can take the responsibility of raising the money for this great project they can do so with every confidence that they are not “in for trouble”. I think therefore that we can feel that we have served a useful purpose. We are not of course doing the development; that is a matter for the province, but we have tried to help in every way and I think it has been a useful endeavour.

Mr. BELL: Thank you very much General McNaughton. May I ask one more question on this subject? Do you have any more work planned in connection with Saint John River? Have you actually ceased to work on it yourself, or are you still carrying on investigations?

The WITNESS: There are still studies going on steadily with regard to some of the details as statistical information about river flows comes in—we can never have too much in the way of hydrographic information—that will continue to be put together and turned over at once to the New Brunswick people. Of course we are continually doing office studies on these matters.

The initiative in the next stage of this development must lie, of course, with the province of New Brunswick or with the state of Maine. The state of Maine is not moving at the moment because they are waiting for the result of a very large survey of their rivers outside the Saint John basin to the south, flowing to the Atlantic coast. They will want to get all that information before wishing to talk with us about the development of the Saint John, but I have every hope that in the fairly near future we may get to grips with the problem of storage in Maine for the benefit of projects on the Saint John river.

Mr. BELL: General McNaughton, I do not want to take you off the subject of the Columbia river if anybody else has a further question to ask—

The CHAIRMAN: Are there any further questions on the Columbia river?

Mr. BELL: I would like to ask you if you would care to make a statement on the Saint John river reference. I am interested in knowing how much has been spent and how much was allocated, and I would also like a particular note, if you would care to supply it, on the position today. How far has the Commission gone? Are they satisfied that they have gone as far as they are able with regard to the reference—in other words I would like the committee to be brought up-to-date on the position.

The WITNESS: Mr. Chairman, the reference on the Saint John river came to us on the 28th September, 1950 and it was amended in very slight detail on the 7th July, 1952. The amendment only related to extending the area on which we were to report down to the tidewater which is near Fredericton. It was purely technical.

When we received that reference we set up an Engineering Board on which departments of government in both Canada and the United States were represented—people who were in a position to contribute information either directly from the records or indirectly by providing us with competent engineers to do the detailed surveys. The work proceeded and the Saint John river basin was examined in the greatest of detail right from the headwaters of the Saint John in the state of Maine, including the tributaries that came in from Quebec down to the tidewater. All those studies were made, and they included the various places at which heads in the river could be concentrated and power plants built. Those were also examined and reported upon.

The engineering board report is in three volumes, of which I have brought with me today only the general report. This is it. It takes the reference, as I say, right from way up in the state of Maine down through New Brunswick, lists the sites which have a reasonable amount of power potentiality, and gives a statistical analysis of each site, working out the head which is available at the site, the installed capacity which would be justifiable, the amount of usable storage which is behind the site and so on. Then it does the same for various places such as Temiscouata and Grand Squatec Lake where water might be available. That engineering board report was sent to the governments of Canada and the United States under date of 27th January 1954 after very careful discussion in the commission, and made available in our case to the government of New Brunswick for their information, and in the case of the United States to the state of Maine authorities, and also to their Department of the Interior and the Army Engineers who have a good deal to do with power development there.

This report as far as Canada is concerned has been given very close consideration by the province of New Brunswick and, following the recommendation of the commission, the government of that province has decided to develop at the moment the site at Beechwood and to endeavour to arrange with the province of Quebec—and possibly the state of Maine is involved here—for the creation under fair terms of reservoirs at those places. The government of New Brunswick has already spent a certain sum of money removing the railroad tracks which would have been flooded at Beechwood.

On the 11th of this month there will be a formal dedication of the site by the premier. I am very happy to say that the premier has invited me to be present on that occasion because of our association in arriving at the conclusions which are now about to be implemented. I had great pleasure in accepting the invitation and I am going to fly down to see this most useful project started. I do hope that Beechwood, which is only one of a number of possible sites along the river, will be the first stage in a considerable development.

Mr. BELL: In a way, General McNaughton, my next question concerns policy and if you do not wish to answer it I shall not press you. But you did refer to this matter briefly in connection with the bill which was before the committee. My question concerns the financing of hydro electric power development such as this in a province like New Brunswick, and I am fairly certain, General McNaughton, that you mentioned the difficulties which are being encountered and suggested that possibly British Columbia might be in the same position, to some extent, as ourselves and should have money available at low interest rates for the development of power resources. Then, I think, you went on to touch briefly on the subject of low interest money which was available in the United States for projects such as this. Everybody knows the trouble we have had in New Brunswick in financing power development and I was wondering if you would care to express an opinion on this subject, or elaborate on what you said previously without, perhaps, getting into the realm of policy or committing yourself. Have you any views as to how such projects may be developed in the future?

The WITNESS: I am in some doubt as to whether I can usefully engage in a discussion on this matter because I think that when I am speaking officially before a committee of this sort as a servant of the state I should stick as closely as possible to the terms of reference—to explaining the business that we have been asked to undertake, in this case the reference to the Saint John river. The terms of reference specifically asked us to do what might be described as a topographical and engineering work and to arrive at conclusions as to the amount of power which could in fact be developed, and we were not empowered to go into the economics of it.

What we felt was that by getting out a report such as the one I have before me now and giving to the provinces a report which showed the “sensibleness” of the whole project that that would help them—as I understand it did help them very materially—in getting people to subscribe to funds at somewhat less interest than would otherwise have been the case. I am well aware from my contacts with the New Brunswick Electric Power Commission and members of the government of the difficulties they have had in financing this project, and speaking as an individual and not as chairman of the commission I do believe that the time has come when one would hope that the provinces, with their responsibilities in developing their energy—energy which is absolutely essential to progress in modern civilization—where those projects are for the moment perhaps on the limits of provincial resources should have the benefit of some mechanism by which aid could be obtained in respect of the development.

I am not suggesting in any way that there is any requirement to step into the affairs of a province's energy and run them for the province. There is no occasion for that at all, except in very few cases where the regional market area may extend over two or more provinces and there is a flow of energy across the boundary: there must be some federal responsibility then. Generally speaking the provision of the energy must, I think, in our conception, be the responsibility of the provinces but that does not mean that they should not be helped. Again, speaking as an individual: what do we have a Confederation of Canada for? The purpose of confederation is to have a central authority—something which is bigger—in order to help the provinces when they are confronting problems which they cannot cope with at a particular time. Speaking personally I am entirely in sympathy with the idea that we must find some way of helping them, but it is not my mission to indicate it.

By Mr. Stick:

Q. I would like to turn for a few moments to the question of the St. Lawrence seaway. We had a discussion in this committee on March 19, 1953 in

which I questioned you regarding the depth of the channel for the proposed canal. I think it is understood now that the overall depth will be 27 feet.—A. That is correct.

Q. I questioned the cost of a 27 foot canal, a 30 foot canal and a 35 foot canal. I have here a report made by the United States Seaway Engineers and the Dominion Department of Transport in the latter part of 1948—it gives five different sections but we will not go into it now section by section. In this report the cost of a 20 foot canal is given as \$201,305,000; the cost of a 30 foot canal is given as \$234,939,000, and the cost of a 35 foot canal is given as \$317,065,000.

What I am concerned about, General, is this; one of the reasons why the project was proceeded with was the prospect of big shipments of iron ore from Quebec and Newfoundland coming up to the lake steel plants. From the information which I have received—whether it is correct or not—I understand that the prospect of shipment is about 20 million tons a year, and I understand tolls will be charged, and that the prospect of toll on a ton of ore will be 50 cents a ton. Now what I am concerned with is the depth of the canal and the width of the canal because it seems to me that if a 27 foot canal can only take a ship of 10,000 tons with a carrying capacity of about 15,000 tons of ore the cost of shipment—I do not know the exact figure—will be in the vicinity, including the toll, of about \$1.57 a ton. If we have a 35 foot canal on which larger steamers can operate with the result that carrying capacity would be increased it is feasible, I think, to assume that the cost of transportation would be considerably reduced. This raises various questions, of course, particularly with regard to locks. I understand that the 27 foot canal has now been more or less agreed to, and that they are working on that figure, and that the cost of deepening the canal in the future if the necessity arises to a depth of 35 feet will not be too excessive.—A. May I correct you on that point. There is no plan to deepen to 35 feet. Thirty feet is the figure in mind.

Q. It has been suggested to me that if you go on to deepen it to 30 feet the locks should be at least 35 feet—1,000 feet long and, I think, 100 feet wide, and that if this is not done at the moment, while you can change the depth of the canal fairly reasonably and simply you cannot change the depth of the locks without tearing down the whole structure.

The question which arises in my mind is the advisability at this moment of either the 27 foot canal or the 30 foot canal—we will eliminate the 35 foot canal in the light of your statement. These locks, as I suggested, should be 1,000 feet long and 35 feet deep and 100 feet wide in order to take care of the carrying capacity of vessels using the lake in the future. I also understand that locks are going to be built in pairs in some instances—there seems to be some dispute or disagreement over it—and I was going to ask you, General what you think of the idea of the locks being 35 feet in depth as a safety measure for the future? How would this depth—going through 27 feet to 30 feet or 35 feet—affect the level of the lakes.—A. Mr. Chairman, I am very happy to give the committee information on points which have been raised in this question. I should preface my remarks by saying that the decision that the lock sills would be set at 30 feet and that the canal would be dug originally to 27 feet was made by the governments; the decision was taken by the governments before the application to the International Joint Commission for authority to build the power works in the St. Lawrence was remitted to us.

Q. That decision is already passed. It is made now.—A. The decision was made by governments. Down the years I have had a great deal to do with this particular matter. When I have been in Canada it has been my good fortune to be on one or the other of the St. Lawrence boards—my first service with one of the boards was in 1923, which is a long time ago, and it so happens

that working under the Board of Engineers at that time as representative of the Defence Department one of the tasks which was given to me along with Mr. D. W. McLachlan, the chief engineer of the seaway and one or two others was the responsibility to carry out studies and make a recommendation to the government as to what the depth of the canals, the width of the locks and so on should be. I can tell you that elaborate studies were carried out by that group with all the technical help which was made available to us in those years, on depths of 25 feet, 27 feet, 30 feet and 35 feet, and those studies related not only to the physical possibility of operating the waterway—the topographical possibility in relation to the particular terrain of the international section of the St. Lawrence river—but to the prospect of getting sea-going ships to carry the traffic that might be in sight down the years, the cost of the canal itself and the equally important cost related to lake channels and to the development of the ports, because it is no use having a canal if you do not have the ports.

Q. I was going to ask a question later on the ports.—A. Those studies were completed around 1926. I think it was 1926 or 1927, as I said, and the recommendation was given then that the depth which satisfied all the requirements best of all was 27 feet, but that there was a possibility that there would be in the course of years, a slight increase in the draught of ocean shipping of the kind we wanted to get up on the waterway; not passenger ships—I think anybody connected with the waterway would say that if there were any passenger shipping of that type which wanted to go up the waterway we would go running to parliament to get a law to exclude it because we just could not afford the space, for large as the St. Lawrence waterway is it is not too big for the traffic we have in sight and we have got to give the available space to the traffic which is most economic, and not to that type of passenger vessels.

Those reports were got together for the report of the International Joint Board of Engineers which, members of the committee will recall, was set up in 1926. My memory is that the report was rendered sometime in 1927 and it was used as the basis of all the proposals including those which we associate with the 1932 treaty.

I was away in Europe in subsequent years when the matter of St. Lawrence again became a question of great public interest, at the time when the review studies were made which led up to what was called the draft agreement of 1941, but I have had access to those studies and I found among the papers which I have looked over that our report on the dimensions of the waterway was gone over again very carefully and by a completely different group of engineers—all those who had worked with me were no longer there—and they came up with the same answer: that the locks should have 30 foot sills and that the channel should be 27 feet and that some time—a decade or so hence—we might want to deepen to 30 feet, but no more.

Now as members of the committee know, no progress whatever was made with the 1941 agreement, which lay for 11 years in the Congress of the United States.

But time was moving on and the needs of Canada for this transportation were becoming very acute. We needed to cheapen the cost of moving our wheat to the markets of Europe; we needed to envisage the iron ore which had been developed and which would take the place of stocks we formerly used to get from Mesabi moving into the interior. From the defence point of view this movement of iron ore was vital to the defence of civilization both on this continent and elsewhere and it was reported that it should not be exposed to the risk of submarines on the ocean. So it was vital to get the St. Lawrence development through so that these high quality ores in Labrador

could be brought into the Great Lakes to where we and the United States had our blast furnaces. As I say, the need became very acute but still we could not persuade our American friends to move in the matter. All the way through we have had the complete support of the Presidents and of the executive of the United States. Every President from Calvin Coolidge onward, with all their staffs, have been ardent supporters of the essays we have made to get this waterway going—the 1932 treaty and then the 1941 treaty—but we were not successful, as you know.

So the needs of the situation required a change. A suggestion was made from Canada that in place of trying to do the comprehensive project of navigation and power combined as an effort from the two governments, we had better split it into its two components, hoping thereby to mobilize the direct support of Ontario and New York state in the power and get a similar proposition for the federal authorities to handle.

On top of that the thinking of the country had changed, and people were willing to accept tolls instead of free waterways. The general idea was that methods of transportation should carry themselves and provide us with revenue.

The Rt. Hon. Mr. Howe was one of the first to point out that if we were to adopt the toll system for the waterways, it did not much matter who bore the original cost, because so long as we had economic projects, the burden would be automatically distributed in proportion to use. This, of course, had been the principle in all the earlier treaties and agreements.

Therefore the government of Canada made this proposal to the United States, that they should turn over the organization of the power aspect of the International Rapids Section of the St. Lawrence River to our commission, the International Joint Commission, by application, and that they would give the promise that if we, the Commission, could come up with a proposal which would commend itself to the governments for the building of power works, that Canada would see to the building of the navigation works in Canadian territory.

That was no idle gesture. As you know, it was a *bona fide* effort behind which the ministers of the government have stood on many occasions.

I only mention it to show that the responsibility which had been with the Commission in 1921 came back to us in part measure in 1952, thirty years later; and that we had occasion then in connection with our responsibilities for the power works to look into the validity of the decision of the 27-30-35 feet. It was gone over again by a new set of engineers and economists who came up with the same answer.

The proper dimension for the economics of the St. Lawrence and the Great Lakes was the facility to bring certain sea-going ships in which are required—not those which we do not want in, but those which are serving a useful purpose—and to build locks with a thirty foot sill, and dig the channels to 27 feet. The locks will be 800 feet long between the stands; that is, the floor length will be 800 feet, and their breadth dimension will be 80 feet in the clear. That is a dimension which has ample validity as far as we are concerned, because it is the dimension which was decided upon for the Welland ship canal, and that canal was only dug to twenty-five feet. The minimum on the lock sills is 30 feet, and it will go down from 27 feet just as soon as the seaway authorities get on to it.

The CHAIRMAN: The bell is ringing to indicate a vote in the House. We must adjourn for the moment, but we will be back in about twenty minutes.

(Upon Resuming)

The CHAIRMAN: When we adjourned for a vote in the House General McNaughton was answering a question by Mr. Stick. Have you completed your answer, General?

The WITNESS: No, Mr. Chairman. I was in the process of talking about the reason for the decision taken by the governments to carry forward this project on the basis of locks with 30 feet over the sills; with channels dug to 27 feet, and the locks to be 800 feet long, and 80 feet wide. As I said, the International Joint Commission, when it was given the application from the two governments with authority to approve the power works; with the promise of the government of Canada to build the navigation works, was informed in the application which was dated the 30th of June, 1952, that these specifications had been decided upon.

Nevertheless, in the commission we did go into the matter again to look up the reports. I looked up the investigations just to satisfy myself of the validity of those conclusions because we did not want to get started on a large investigation and then find that the basis had slipped out from under it. I think that the thoroughness with which this matter has been approached and repeatedly done, and the completeness of the report, certainly gave to all of us confidence that we have got the right decision. It proved not to cost very much more to go from 25 foot channels to 27 foot channels. That was only a case of knocking-off a few peaks. But the question of going from 27 foot to 30 foot was about ten times more expensive than going the first two feet.

To go to 35 feet, if my memory serves me correctly, added about \$1 billion to the cost of excavation in the channels and the harbours, and that, of course, put the matter right out of court.

As I said before, when we had the shipping experts in, they were not prepared to say—I mean those experts in whom we had confidence—that it was in any sense necessary for the handling of iron ore, or the grain trade down, or stone, pulpwood, and so on which has to be moved. Actually, they pointed out, with the existing shipping on the Great Lakes moving downwards, most of it moving downstream on a 25 foot channel basis—that we actually have the deepest tonnage movement in the world at this time; and if you change the footage represented by 27 feet, then all the navigation interests except a few special purpose people will support it.

The United States has ore boats going down to Venezuela, of which the draught is 45 feet loaded. Most of them move along at about 8 knots. They are not too happy about what would happen to them if they were under submarine attack. The experts who advise us do not think there is any occasion to bring that sort of coaster up into the Great Lakes.

Mr. STICK: Would a 35 foot canal affect the water levels of Lake Ontario?

The WITNESS: No, it would not affect the water levels of Lake Ontario either pro or con, and for this reason: that in our order of approval—and in this we are entirely in agreement with the engineering board's report of November 16, 1926 on which the whole of this is based—the regulating factor at Iroquois is a causeway across the river, which is a natural bridge of hard limestone rock which, in nature, controls the flow out of Lake Ontario into the St. Lawrence River.

We will cut deeply into that natural ridge of rock to make a very substantial increase in the channel, and we will put in gates to control the flow. The operation of those gates at Iroquois will substitute control by man for control by nature, which has existed in the past, and it will enable us on occasion, when no damage will result downstream, and the lake levels are high, to increase the rate of flow of that water and also, by the same token, enable us, when the levels are low to bring the levels up to what is reasonable.

We have a responsibility in the Commission for the levels of Lake Ontario, not directly under the application for the power authority, but under what is known as the Lake Ontario Levels Reference, when our Commission was instructed by the governments to study the matter and to come up with proposals.

We have just finished our studies, and we have made proposals to the governments, but the proposals are now the property of the governments, who have political problems to deal with in connection with them, and they have not been released. Therefore I am not at liberty to tell you what those proposals are. But substantially they have the effect of taking something like 1·3 feet off the high levels and adding 1·3 feet to the low levels of the lake so as to bring the regulation of the lake substantially within the bracket of four feet; whereas in nature, with the natural control at the Galops, which is Iroquois, the swing of the lake was about 6½ feet.

Our engineers are confident that as near as may be those brackets can be adhered to. This should give complete satisfaction to the navigation interests because we are keeping the low levels up.

We thought that 27 foot excavation for channels would be satisfactory to the ship owners. Our report is probably not everything that the various interests could wish for, but we have gone as far as possible to protect them. The fact is that we are doing this at an appropriate time for the power development in the river.

By the same token, we have been told in both the reference and in the applications, that we must not unduly interfere. I think that was a very correct instruction to give us.

Very, very substantial benefits will be derived from these proposals. Actually, what limits the matter is not what the power people would like to have in the way of widening the range of levels—we told them that they have not got anything to stand on in their representations to us—we have left them in no doubt that we are willing to give them what they are entitled to, but not all that they ask for. The real problem, however, is downstream where now we have done more than nature in the setting of the flows. But of course we must not worsen the conditions of nature as against the port of Montreal, or Lake St. Louis and the vast interests which are there. Those are critical places in the St. Lawrence system which limit what we can do to help the people upstream.

MR. STICK: I am concerned with the economic development of our natural resources in Quebec, and Labrador iron ore shipping on the lakes. As far as your knowledge, or the studies of your engineering service goes, the depth of the canal is now sufficient to carry Newfoundland iron ore traffic for the future?

THE WITNESS: That is correct. In the judgment of our advisors the requirements of Labrador iron ore movement, as well as the movement of other commodities downstream, have been satisfied in the best way possible.

MR. STICK: You mentioned \$1 billion a moment ago.

THE CHAIRMAN: The bell is ringing again for another vote in the House. We would like to conclude with this witness this afternoon, and since there are only one or two more questions, I suggest that we adjourn for the moment and return here in about 20 minutes, and thus finish this afternoon.

(Upon Resuming)

MR. STICK: I have only one more question to ask General McNaughton, Mr. Chairman, and that is this. When you mentioned the cost of a billion dollars for a 35-foot canal, you meant of course, I understood, with all the improvements that would be required and one thing and another?

THE WITNESS: That is right.

MR. STICK: That is all I have to say, and may I thank General McNaughton for his courtesy in giving the information which is so vitally necessary for us in Newfoundland; in fact it affects the whole of Canada east of the Rockies.

By Mr. McMillan:

Q. I am interested in the pollution problem in the Great Lakes, and I was wondering if any future time has been set or thought of by the International Joint Commission when there will be no more pollution from such concentrations of population as towns and cities. Now I realize that the International Joint Commission has no jurisdiction in this matter, but what I was wondering was what representations they were making to the different cities in the United States around the Great Lakes, and also to the people interested in Canada?—A. I would be glad to answer that. You are quite right, Mr. McMillan, in saying that the International Joint Commission has no jurisdiction at present. The matter of pollution of the connecting channels of the Great Lakes comes to us on a reference from the two governments, and the authority for that reference is a clause in the Treaty of 1909 which says that neither country shall pollute boundary waters which cross from one country to another. It is not pollution per se with which we have to deal, but pollution which crosses from one country to the other. Now the reference covers the connecting channels of the Great Lakes, and not the lakes themselves, because there is no likelihood of pollution going into Lake Ontario, for example, actually crossing from Ontario and getting into international waters on the other side. There is sufficient time and sufficient space to dissipate any pollution of that sort. We are working in the St. Mary's river between Lake Superior and Lake Huron; we are working in Lake St. Clair and the connecting waters up and downstream, and in the Niagara river. We have no reference dealing with the St. Lawrence at all; that is not within our mandate.

What the commission has done has been to carry out a very careful survey of those waters to establish the quantum of pollution which has existed, and whether it is phenols from oil or pollution from domestic sewage, city sewage and so on, or what it is, and how that sewage goes, and whether it does in fact or is likely to cross from one country into the other. Having found that in all those channels that I have mentioned there is pollution of the character indicated, industrial or municipal waste, that they do cross, we then, with the help of the experts, established the criteria that should be set up to reduce pollution to tolerable quantities. That is all set out in what we call the objectives for boundary waters' quality control, which has been accepted by the governments and approved, and which is the standard against which we measure pollution whenever it may occur.

Now on the commission we felt that, in the first instance, in the early part, our proper procedure was to work by persuasion, trying to convince industries and municipalities that it was wrong for them to pollute these waters, and to try to induce them, by showing up wherever they were polluting the waters, to take the proper remedies. We have had really a most astonishing—and I use the word advisedly—response from industry. I think the expenditures that we figured were needed were something of the order of \$150 million, and about two-thirds of that has been already spent by industry in correcting the position in the various places where there was pollution.

One of our worst offenders, of course, has been oil, and we are particularly vulnerable on the question of oil, because we have these enormous refineries developing in the Sarnia region. Of course it is inevitable that in starting up plants there should be some phenol in the discharges and it takes a great deal of care to build up the kind of filters and the kind of bacteriological plant for the disintegration of phenol and to get them working properly, but we have had wonderful cooperation from all our oil companies. The latest reports we have on the river in that vicinity are very satisfactory. I regard the completion of pollution abatement in these connecting waters from industry as well within sight of accomplishment. We have got it down now to a limited number of

offenders, and those offenders are watched by our Boards. We have boards on each of those sets of waters, and they report to the commission at each of our meetings twice a year. My colleague, Governor Jordan, and myself make it a point to write personally to anybody, any of the industries, that are in disrepute, and we go right to the top, to their presidents and we demand an answer, and we usually get a favourable one. In fact I do not know where we have not had a favourable answer.

Our difficulties lie with the municipalities, and I must admit that which is a fact, that in Michigan they are making progress and they are getting on very well with the correction of pollution by municipalities. In the province of Ontario I am sorry to say we are in disrepute, and there should be something done about it. I have written most pressing letters to the province, and I have brought the matter to the attention of the government of Canada. The government of Canada is taking these matters up and we hope that we will overcome this pollution along the boundary waters where we would seem to be in disrepute and in default under the treaty. I hope that the recent actions will very forcibly bring these matters to the attention of the governments, and an improvement will result.

Now there comes a time when we have got to do something more than persuasion. There is always the residuum, either in industry or in municipalities or in individuals, that, if you cannot apply compulsion to them, will disregard the good of the greater number, and so we feel that we have got very near to that time, and we have asked our legal advisers to go into the law and see what may be necessary in the way of law. If it is necessary we will come to parliament or to the local legislatures as the case may be for some powers of compulsion. We will have to have it sooner or later, and we may have proposals to make to you on the next occasion we meet. That is the situation there.

The CHAIRMAN: I understand that Mr. Herridge has a question to ask.

By Mr. Herridge:

Q. Mr. Chairman, I have just one further question to ask General McNaughton. In my opinion support for these fascinating river developments, whether in the east or the west or wherever they are, may be obtained through informed public opinion, and I am particularly interested in the younger generation being interested and informed of these marvelous developments for the future. It is amazing the interest that is developing for instance in British Columbia. I volunteered, before I left my constituency, to send the minutes of this committee to anybody who wanted them, and it has already cost me over \$200 to do that, but I mention that to show the continuing interest that is being demonstrated. Would General McNaughton tell the committee of what the commission does to inform Canadians generally of what is happening in respect of these river developments or what is proposed in the way of surveys and all other aspects of the development?—A. Mr. Herridge, of course in our public hearings we hope that the press will attend and give a full account of what goes on to the public, of the studies that have been made by the commission and the conclusion taken thereon, and what we are going to do about it all. We have had very good cooperation from the Canadian Press, the British United Press and all these other press agencies both here and the like agencies in Washington, in disseminating that information. We have had a good many inquiries which we answer, and the secretary of the commission too has obtained copies of all these debates in this committee, which are very instructive, and all the copies that we could get we have made available to the numbers of inquirers who have come to us for that information. We have tried to do everything we can to help get that authentic information out.

Some of our difficulties, of course, Mr. Herridge, are these, that we are invited to do these studies and give the reports to governments, but once the

report is in the hands of governments it belongs to governments and not to us and we are not at liberty to publicize these reports in any way. That is the position that we are in over this pollution business on which I was asked a question a minute ago. It is a matter now before governments and they have to deal with it, so we cannot tell you very much except generally. Therefore there are difficulties there.

Then we go around the country and make speeches whenever we get the opportunity and have the time, and again we try to give an unbiased account of what is going on. I think really the best help that we have had has been this committee itself, if I may say so. I believe the very fact that these matters have been debated so freely and so thoroughly here and picked up and given to the press has carried to the people an idea of the significance of things like downstream benefits and the possibilities that are open to British Columbia to get these very, very large powers turned to account for their people.

If it had not been for this committee probably they never would have heard about them, and then too I am sure that your own speeches in parliament on these matters have helped when you get the opportunity to speak in reply to the speech from the throne, for example. These are all helpful. I think we have all got to bend our minds to getting these matters before the public so that we may have an informed public opinion for these great endeavours to make more energy and power available to the people of Canada to meet their needs and foresee their needs as we move into the future.

Q. Thank you.

The CHAIRMAN: Well, gentlemen, I think we ought to thank General McNaughton for his help, and also for the good words he had to say about the usefulness of members of parliament and committees in particular. I think that if we were able to do anything it was because of his own help to us.

Now shall we agree to items 107 and 108?

Carried.

Now, gentlemen, the committee will stand adjourned until tomorrow afternoon at 3.30 o'clock when we will have the Under Secretary of State for External Affairs and Commerce with vote 92.

Canada, External Affairs
Standing Committee on 1955

HOUSE OF COMMONS

Government
Publications

Second Session—Twenty-second Parliament

1955

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 17

THURSDAY, JUNE 2, 1955

FRIDAY, JUNE 3, 1955

ITEMS 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 104, 105, 106, 110 and 111 of the Main Estimates (1955-56) of the Department of External Affairs

WITNESS:

Mr. Jules Léger, Under-Secretary of State for External Affairs.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955

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ON

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Breton	Henry	Patterson
Byrne	Herridge	Pearkes
Cannon	James	Richard (<i>Ottawa East</i>)
Cardin	Jutras	Starr
Coldwell	Knowles	Stick
Crestohl	Low	Stuart (<i>Charlotte</i>)
Croll	Lusby	Studer—35.
Decore		

Antonio Plouffe,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, June 2, 1955.
(26)

The Standing Committee on External Affairs met this day at 3.30 o'clock p.m. Mr. L. Philippe Picard, Chairman, presided.

Members present: Miss Aitken and Messrs. Bell, Boisvert, Breton, Cannon, Cardin, Crestohl, Croll, Diefenbaker, Garland, Gauthier (*Lac Saint-Jean*), Herridge, James, Low, MacKenzie, Macnaughton, Patterson, Starr, Stick and Stuart (*Charlotte*)—(26).²¹

In attendance: Mr. Jules Léger, Under-Secretary of State for External Affairs; Mr. R. M. Macdonnell, Assistant Under-Secretary; Mr. S. D. Hemsley, Chief, and Mr. H. J. Armstrong, of Finance Division.

Mr. Jules Léger was called and made a statement and was examined

1. The International Supervisory Commission in Indo-China.
2. Personnel.
3. Canada's contribution to the Colombo Plan.
4. Communication services.
5. Properties abroad.

The Under-Secretary referred to and tabled a copy of a Summary on estimates and expenditures for (1955-56). Copies of this summary had been mailed to the members on May 30.

ON ITEM 111—Canada's participation as a member of the International Commission in Indo-China.

Item 111 was adopted.

Item 92—Departmental administration—was adopted.

Item 93—Passport office administration—was adopted.

Item 94—Representation abroad—operational, etc.—was adopted.

Mr. Léger read answers to Mr. Stick's questions on the above item notice of which had been given previously.

Item 95 was allowed to stand.

At 5.50 o'clock, the Committee adjourned until Friday, June 3, at 11 o'clock a.m.

FRIDAY, June 3, 1955.
(27)

The Standing Committee on External Affairs met this day at 11.00 o'clock a.m. Mr. L. Philippe Picard, Chairman, presided.

Members present: Messrs. Bell, Breton, Byrne, Cardin, Herridge, Low, Patterson, Stick and Stuart (*Charlotte*)—(10).

In attendance: Mr. Jules Léger, Under-Secretary of State for External Affairs, Mr. R. M. Macdonnell, Assistant Under-Secretary, Mr. S. D. Hemsley, Chief, and Mr. H. J. Armstrong, of Finance Division.

The Committee continued its examination of the Main Estimates (1955-56) of the Department of External Affairs.

Mr. Jules Léger was called. He read into the record answers to questions asked at the previous meeting on

1. Canada House Project in New York.
2. Ocean Shipping planning board.

Mr. R. M. Macdonnell read an answer on the total cost of properties abroad.

The following items were considered and adopted:

Item 95—*Representation abroad—construction, acquisition, etc.*

Item 96—*Official hospitality in Canada*

Item 97—*Relief and repatriation of distressed Canadian citizens abroad, etc.*

Item 98—*Canadian representation at International conferences*

Item 99—*Grant to the United Nations Association in Canada*

Item 100—*Grant to the International Commission on the Red Cross*

Item 101—*Payment from foreign currencies, etc.*

Item 102—*Assessment for membership in International and Commonwealth Organizations, etc.*

Item 104—*Contribution to the United Nations Children Fund (UNICEF)*

Item 105—*Administrative expenses of Canadians to the International staff of the North Atlantic Treaty Organization, etc. (NATO)*

Item 106—*Office accommodation of International Civil Aviation Organization (ICAO)*

Item 110—*Assessment for membership in the intergovernmental committee for European migration, etc.*

Item 109—Colombo Plan—was allowed to stand.

Mr. Léger was examined on each of the above items. Mr. Macdonnell supplied answers to specific questions referred to him.

The Chairman thanked the Under-Secretary of State for External Affairs, Mr. Léger, for the valuable information he gave to the Committee.

Mr. Léger undertook to supply the Committee with information not readily available.

At 12.30 o'clock p.m., the Committee adjourned until Tuesday, June 7, at 11.00 o'clock a.m. to hear Mr. Cavell on Item 109—Colombo Plan.

Antonio Plouffe,
Clerk of the Committee.

EVIDENCE

THURSDAY, June 2, 1955.

3.30 P.M.

The CHAIRMAN: Gentlemen, we have with us this afternoon the Under-Secretary of State for External Affairs, Mr. Jules Leger.

It is customary when a witness appears before the committee for the first time to present him to the Committee. I might say that Mr. Leger entered the Department of External Affairs in 1940. From 1943 to 1948 he was stationed first in Chile, and then in London.

In 1948 he was called back to Ottawa as Assistant Under-Secretary of State for External Affairs. In 1953 he was appointed Ambassador to Mexico. In 1954 he was recalled to Ottawa to head the Department under the minister. Mr. Leger brings to his new duties the benefit of the experience he acquired during these years of service in our embassies abroad and in responsible administrative duties here in the department.

We are pleased to welcome him here in his first appearance before us since he assumed his new functions. Mr. Leger will first read his brief, copies of which have already been distributed. I would highly appreciate it if during the reading of his brief no questions were asked and we allowed him to finish his brief. After that I will call the first item of the estimates.

I have spoken to some of the members of the committee who agreed to my suggestion that we should adhere to an order of preference and not go at random throughout the departmental estimates, or especially according to the brief as submitted today.

When I call item 92 we will deal only with questions on departmental administration as per headings included in the details of that Vote to be found on pages 172 and following of the Estimates. Any questions on representations abroad will be ruled out of order because they will be in order only under item 94. We are at such a late date—the committee has held 26 meetings of which only 5 have been in connection with the estimates—that we have been urged by the leaders of both parties in the House to try to expedite matters.

If we limit ourselves to asking questions pertaining to each item as called it will expedite matters without limiting the liberty of members as they will be entitled to ask any questions when the items concerned are called but not at random on the first item. With your permission I will call now on Mr. Leger to start his reading of the brief.

Mr. Jules Leger, Under-Secretary of State for External Affairs, called:

The WITNESS: Mr. Chairman, I am grateful for your kind words. I would like to ask for the indulgence of the committee if some of the replies which I shall give to you are inadequate or incomplete. The department has expanded rather rapidly over the last few years and it is difficult with only a few months

in the office which I occupy to have a full picture of the many activities which go on at home and abroad. I hope you will allow me to call on some of my more experienced colleagues to help me in answering any questions which the committee may wish to put to me.

It has been the custom of my predecessors to make a brief statement at the time the Committee begins its examination of the Estimates of the Department. With the Committee's permission, I should like to review some of those aspects of our Estimates which show some changes from last year's and also to mention certain administrative developments which might be of general interest.

We have prepared a mimeographed statement which has now been circulated. This may assist the Committee in its work. This statement is divided into two parts: the first one shows the main differences between this year's and last year's figures; the second part gives statistical information on estimates and expenditures. The main points on which further comments might be made are the activity of the International Commissions in Indochina, our personnel position, developments under the Colombo Plan, our communications services, and the most important property questions solved during the year.

In his statement in the House of Commons on March 24, the Secretary of State for External Affairs, Mr. Pearson, outlined the general nature of the work of the three International Supervisory Commissions which were set up last August by the Geneva Conference. He amplified this statement in Committee. There remains to mention the organizational aspect of the Commissions and the effect the setting up of these Commissions has had on the resources of the Department. There are three Supervisory Commissions; one for Vietnam, one for Laos and one for Cambodia; on each Commission there are representatives of India, Poland and Canada. The Indian representative is the Chairman of each Commission. The Inspection Teams are similarly organized on a tripartite basis, being made up of equal numbers of Service Officers from each of the three Commission Powers. The Agreements specified that there should be 26 Fixed Inspection Teams in the three States. Each of those Fixed Teams is normally made up of two officers from each of the three Commission Powers. There are also Mobile Inspection Teams which are constituted for specific tasks; their number varies from time to time.

At their Headquarters in Hanoi, Vientiane and Phnom Penh the three Commissions are served by international secretariats. These are staffed mainly by Indians and work under the direction of a Secretary-General who in each case is the Chairman of the Commission, that is the Indian representative. The Secretary-General is assisted by three Deputy Secretaries-General, one each from India, Poland and Canada.

I should like to say something about the Canadian Delegation to the three Commissions and how they fit into the Commission framework. The Canadian Commissioner in Vietnam is Brigadier Sherwood Lett; in Laos, Mr. Léon Mayrand and in Cambodia, Mr. Rudolph Duder. While maintaining close liaison with one another, the three Commissioners operate independently in the sense that each one reports directly to the Minister in Ottawa. Each Commissioner has a staff of political and military advisers provided by the Departments of External Affairs and National Defence.

The scope of the work of the Vietnam Commission is much more extensive than in the other two Commissions and we must therefore maintain a considerably larger staff there. In Hanoi, there are seven External Affairs officers on duty as political advisers and on the military side there are the Senior Deputy Military Advisers with 12 staff officers and 20 other ranks. There is a small staff in Saigon attached to the Saigon Headquarters of the International Commission. In addition to the Headquarters staff in Hanoi and Saigon, there are about 30 Service officers in Vietnam on Fixed Inspection Team duty and eight on Mobile Inspection Team duty.

In Laos, the Commission has two External Affairs officers as political advisers and on the military side there are the Senior and Deputy Military Advisers, two staff officers and eight other ranks at Headquarters. There are two serving with the Fixed and Mobile Inspection Teams. In Cambodia, the establishment is on a similar scale. All told there are 165 Canadians serving in Indochina at the present time.

I might say a word about the financing of the International Commissions. The Cease-Fire Agreements for Vietnam and for Laos both state that the costs involved in the operations of the Joint Commissions (of the parties) and joint groups, and of the International Commissions and their Inspection Teams shall be shared equally between the two parties. The Cease-Fire Agreement for Cambodia makes similar provision for the costs of the Joint Commission of the parties to that Agreement but does not mention the costs of the International Commission.

At the time these Agreements were signed, the co-Chairman of the Geneva Conference (Messrs. Eden and Molotov) agreed informally on the establishment of a fund (now known as the "common pool") by the United Kingdom, France, the U.S.S.R. and China for the use of the International Supervisory Commissions. This understanding was subsequently confirmed and the Supervisory Powers notified.

In August, 1954, the Supervisory Powers met in New Delhi to discuss initial measures for the establishment of the International Commissions. With respect to their share of the financing of the Commissions, the Supervisory Powers stated in their public communique following the meeting that only "the pay and allowances of personnel included in the national quota of each delegation will be paid by their respective governments...". It was agreed that all other expenses including the pay and allowances of personnel on the International Secretariat would be a charge on the general expenditure of the Commissions as provided for in the Cease-Fire Agreements. To enable the Commissions to begin functioning immediately, it was also agreed that the Supervisory Powers should advance, on a recoverable basis, sums equivalent to \$100,000 (U.S.) to the Common Pool to cover expenses until contributions to the latter were received from the Geneva Conference members. These views were communicated officially to the co-Chairman of the Geneva Conference, by the Government of India.

We understand that the co-Chairmen of the Geneva Conference have agreed in principle to the financial proposals which have been advanced by the Indian Government on behalf of the Supervisory Powers. Detailed procedures for the regular replenishment of the Common Pool have not yet however been worked out: these matters are still under discussion between the Soviet and United Kingdom Governments—representing the two co-Chairmen of the Geneva Conference—and the Government of India, representing the Commission Powers, India, Poland and Canada. Another problem which still has to be settled is the financing of the International Commission in Cambodia, as the Cambodian cease-fire agreement did not contain any provision at all covering this point.

I might point out that a good proportion of the costs of the International Commissions is currently being borne by the local authorities in the countries concerned. Items such as board and lodging and local transport are provided to the Commissions and the national delegations represented on the Commissions without direct charge to the three Supervisory Powers.

As far as we are concerned, all expenditures of our delegations in Indochina which may subsequently be recoverable from the Common Pool are being earmarked so that claims can be made when detailed procedures for making such claims have been agreed upon.

The need to provide personnel for the three International Commissions in Indochina has placed a serious additional strain on the staff resources of the Department. It was necessary to deplete our staff at home and abroad in order to make quickly available the Foreign Service Officers and clerical and stenographic staff needed in Indochina. In order to meet this sudden requirement, the Department and some of its Posts abroad are still short-handed.

We are maintaining in Indochina a number of officers sufficient to man four or five diplomatic missions. Furthermore, while our responsibilities have increased substantially because of these new commitments, the Department has also opened five new posts over the past seven months. Those new Missions are now in full operation in Israel, Egypt, Lebanon, Haiti and the Dominican Republic. Notwithstanding, there has been a relatively small increase in the number of employees: on May 1, 1955, our staff strength (exclusive of locally employed persons) was 1,098, as compared to 1,068 on September 1, 1954, an increase of 30. If we bear in mind that there are now over 30 officers and clerical personnel in Indochina, it is easy to realize why the Department is short-staffed.

Since the Committee met last year the Civil Service Commission has conducted another competitive examination on behalf of the Department for Foreign Service Officers. The successful candidates are now being called by the Department. An eligible list of candidates will be published shortly in the "Canada Gazette". We hope to take approximately 20 new officers from that list. The qualifications for the examinations have not varied from last year and need not I think, be repeated at this time.

The average yearly intake of Foreign Service Officers for the last five years has been 18 and, barring unforeseen developments, should remain at approximately the same level for the next two years or so. You are aware that the Minister has already pointed out that no new diplomatic missions will be opened during the year. The intake of new officers should suffice, we hope, to take care of vacancies created by retirements, resignations, transfers to other Departments and of bringing some of our Missions abroad and Divisions in Ottawa to normal strength.

Another substantial charge in our Estimates comes under Vote 109, the Colombo Plan. The decision of the Government to seek an additional one million dollars has already been announced.

The pattern for expenditures of the Colombo Plan Vote for 1955-56, \$26.4 million will, of course, be very similar to that which was followed for the allocation for Colombo Plan activities in previous years. It is anticipated that roughly \$25 million will be used for capital assistance projects in India, Pakistan and Ceylon depending on the nature of projects submitted from these three countries and on the other demands which may arise in connection with our Colombo Plan operations in South and Southeast Asia as a whole. The extra million dollars included in this year's Colombo Plan Vote, together with an amount roughly corresponding to ordinary expenditures on technical assistance in 1954-55, will be utilized for an expanded programme of technical assistance to the Colombo Plan area including assistance to the non-Commonwealth countries from whom we have only recently begun to receive requests. In addition this extra million dollars will make possible further investigation of projects for possible economic assistance to the Colombo Plan area.

In this connection, Mr. R. G. Nik Cavell, accompanied by an officer of the Department of External Affairs has recently completed a tour of India, Pakistan and Ceylon where he investigated new projects and reviewed progress on those already under way as part of the Canadian Colombo Plan Programme. One of the officers of Mr. Cavell's Division is now on a tour of the non-Commonwealth countries of the Colombo Plan area, Burma, Thailand, Laos, Cambodia, Vietnam and Indonesia in connection with the expansion of our technical assistance activities in that area.

In general the projects on which we are cooperating with the Asian Governments under the Colombo Plan are progressing favourably. Some have already been completed, others are in various stages of construction or of planning. Meantime, Canadians are gaining a great deal of experience through their contacts with the Asian countries and a substantial contribution is being made to the economic development of South and Southeast Asia.

We are also assisting economic development in these and other countries through the United Nations Expanded Programme for Technical Assistance to which the Government has pledged a contribution of \$1.5 million for 1955.

It might be appropriate if I were to enlarge somewhat upon one of the amounts asked for under Vote 92—Departmental Administration—having to do with an extra requirement this year for communications services.

Any Foreign Service naturally requires rapid and secure communications. If decisions and views of the Canadian Government are to have some impact on the formulation of foreign policies in other countries, they must be conveyed rapidly. During the current year, a programme to modernize our communications system has therefore been adopted. We are purchasing additional teletype equipment including new machines and communications aids thus linking Ottawa with our principal posts abroad. In due course, this service will be extended to a larger number of our posts.

Under the heading of "Telephones, Telegrams and other Communications Services", there is an increase of \$171,000 over last year's expenditures (primary (8) on page 173 of the Blue Book). Of this sum, over \$20,000 is for the estimated increase in the volume of cable traffic; the balance is to take care of payments to the National Research Council for technical assistance and the supplying of communications aids designed to ensure secure communications between the Department and our Missions abroad. The bulk of this assistance has previously been supplied free of charge; the amount involved now, however, is such that the only equitable solution seems to be that this be a charge against the Department. Because of the very nature of the subject however, it is easy to realize that it would be inappropriate to go into detail.

Under primary (16) in Vote 94, there is an increase for the fiscal year of \$224,000 for the purchase of teletype equipment. This represents purchase of equipment which will enable us to mechanize and increase the speed of communications at a number of posts abroad not now served by mechanical systems. The increase of \$41,000 in the purchase of equipment for the Department at home—primary (16), Vote 92, is to enable us to service in Ottawa the increased flow of traffic received and sent by mechanical means.

The Department has during the past year placed particular emphasis on the study of property requirements at posts abroad where special conditions apply. We have now on our staff an architect based in Ottawa who advises us on the many technical questions which arise when proposals for leasing or purchasing property abroad are considered. This is a continuing problem that requires thorough study and we have made good progress in setting up a Division where those questions are dealt with.

The main projects now underway are the construction of an office building in Paris and in The Hague and an extension to the Chancery in Tokyo. The cost of the two buildings first mentioned, based on accepted tenders, will be approximately \$585,000 for Paris and \$285,000 for The Hague. It is anticipated that construction will be completed before the end of the next calendar year. The estimated costs in 1955-56 for the construction in Paris are \$240,000 and for The Hague, \$142,500.

Construction of the extension to the Chancery in Tokyo has also begun and there, it is expected that the cost of the extension, renovation and improvements of the existing building and development of the site will be approximately \$250,000 of which it is estimated that \$207,500 will be spent in 1955-56.

We also have under active consideration at this very moment the possibility of the purchase of a Chancery in Rome at the approximate cost of \$380,000. The Committee is aware that a few years back the Department purchased a site in Rome on which it was intended to build a residence and a chancery. The restrictive building regulations in that city prevent us from building the type of offices which would be suitable for our purposes. In the circumstances, it has been decided that chancery should not be built on the site. In due course, the Department intends to dispose of this site when a favourable opportunity occurs. In the meantime, the investment in the property is well protected and the Government's original investment of blocked currency is justified because of the rise in property value in Rome.

These different major projects, in Paris, The Hague, and Rome are all financed through blocked currency. It should also be borne in mind that these new buildings are intended to house not only External Affairs officers but practically all Canadian officials in those capitals. The Estimates for 1954-55 provided for a sum of \$700,000 for "Unallotted Capital Items" to permit the Department to acquire residence and office properties abroad. A similar sum appears in this year's Estimates. During the discussions in this Committee last year, reference was made to the principles governing the acquisition of chancery, residences and staff residences abroad. There are certain capitals where accommodation for chancery or residence is simply unavailable on a rental basis. A case in point is Indonesia. The Government had to buy a residence and a chancery there last year. There are other capitals where rented accommodation would require such costly renovations that it is better to buy. There are other places where rented premises may be available but lack some of the amenities which are considered essential, such as central heating; in others, rents are so inordinately high that it would be good business to purchase. In the capital of a Latin American country, for example, a search for rented, furnished premises conducted over a period of six months led to the conclusion that no satisfactory accommodation could be found for less than \$2,000 a month. Meantime, the Ambassador in that country lives in a very unsatisfactory type of accommodation.

The sum of \$700,000 would provide for the purchase of three or four properties during the fiscal year. We are now in the process of obtaining architect and evaluation reports on sites and properties where the need for accommodation is greatest. In this field we give priority to unhealthy posts if and when properties become available. This is I think in line with a recommendation of this Committee made two or three years ago. The Committee may be interested to know that arrangements have now been completed to lease from the Pakistani Government a residence for the Canadian High Commissioner in Pakistan. We are now looking into the problem of office accommodation in Karachi and hope to be able to make progress during the year. In Djakarta, the situation is now quite satisfactory since we have been able to purchase a house for the Head of Mission and a Chancery as well as a residence for the senior diplomatic officer on the staff.

As the Committee is aware, we now have to operate 55 posts abroad if we include the Consulates General and Consulates. The Canadian Government now owns the properties abroad for the use of the Department of External Affairs and other Departments in 17 capitals. It is not the present intention to purchase residences or offices for all our missions abroad. Whenever opportunity arises, however, particularly in those capitals where the housing situation is difficult, or very expensive, an attempt is made to purchase office accommodation and a residence for the Head of Post and other staff if necessary.

During the year, appropriate liaison was maintained with the Department of Public Works in connection with property transactions. As a result of con-

sultations among the Departments of Finance, Public Works and External Affairs, it was decided that the Department of Public Works should have the principal responsibility in connection with the construction of the proposed Canadian Government Building in London, England.

This liaison will be maintained in future. Last year, reference was made in the Committee to the possibility that the Department of Public Works might assume greater responsibility in this field. We have given some thought to this problem. In order to be in a position to deal with the property, maintenance and supply problems, the Department has developed the necessary administrative and technical organization. Over the years, we have learned a good deal about the way in which property questions have to be examined in the light of political and economic factors which apply in various countries and the local regulations and conditions which must be taken into account. We have found from experience in purchasing and constructing buildings that the Head of Post must personally take an active part in the negotiations from the start. The reason for this is that the approval of the governments concerned is usually needed before property can be acquired and because currency questions such as the use of blocked funds are often involved. There is also the questions of various licences and permits, particularly in countries where the economy is less free than it is in Canada. Bearing in mind these and other factors, we believe that for the time being it seems that the present situation whereby the Department of External Affairs assumes the main responsibility in this matter is the most satisfactory. This problem is constantly under review and the Committee will be made aware of developments as they occur.

Mr. Chairman, that is all I have in mind saying as an introduction to the study of the Estimates. I should, however, like to add, as a newcomer to this post, how pleased I am to meet with the Committee. I will, of course, be at your disposal to attempt to reply to any questions you may wish to ask.

The CHAIRMAN: Now, gentlemen, I wonder if, after hearing the brief we would not prefer to change the order of business of which I spoke previously. Now that we have heard the brief we can very well see that two or three of these paragraphs concern one specific item of the estimates, the International Supervisory Commission in Indochina. The deputy minister has covered that question and I wonder if it would not be better now that we have heard him to call immediately item 111 on Indochina and dispose of it while we have his words fresh in our minds rather than come back to it at a later date. So with your permission I shall go ahead now and call item 111.

To provide for the cost of Canada's participation as a member of the International Commission for Supervision and Control in Indo-China—\$705,000.

Appropriations not required for 1955-56.

That is covered in the first three pages of the brief. It is agreed by the committee that we proceed in this way?

Agreed.

Are there any questions?

By Mr. Starr:

Q. I would like to ask a question. The three nations which constitute the commission are India, Poland, and Canada. When they were chosen who were they chosen by, and what was the intention in choosing these three particularly, and what was the connection in Indochina with these three nations?—A. They were chosen by the Geneva Conference Powers as a result of the conference held in Geneva. All I can say is that as far as Canada is concerned, we got to know that we were proposed for those commissions in reading the press.

Q. Does that mean that we have to contribute more in the way of money to this commission because we are members of it, or does every nation participate in the expenditures?—A. We are not contributing more than Poland or India. As a matter of fact, we contribute less than India. India is bearing a much larger share than we are of the International Secretariat; but we are contributing more than countries which are not on the commission. Canada is advancing sums of money which we hope will be refunded in due course, and we also make available personnel without any attempt to recover the salaries of such personnel. Therefore it is an experiment which does cost money to Canada.

Q. That is what I was thinking, and I wondered if there was any advantage to Canada in being on this Commission. What is the purpose of having Canada on the commission? What are our interests?—A. That was a decision taken by the government, once the invitation was extended and the government after having considered it decided to accept it.

Mr. STICK: It was government policy.

The CHAIRMAN: The minister may be here at a later date to answer any question on policy. He expressed his willingness to answer any questions on the field of government policy. Any such questions on a departmental policy will be submitted to the minister who may pass a comment on it when he comes back.

By Mr. Starr:

Q. What is our cost for the privilege of being on this commission?—A. The expenditure of the Canadian component on the International Supervisory Commission on Indochina is as follows: in the fiscal year 1954-55, under External Affairs, \$194,308. Under National Defence, \$941,407. These expenditures will be partly recoverable. In addition, Canada advanced 100 thousand United States dollars to the commission as working capital. This should be refunded also.

Mr. MACNAUGHTON: On that point, Mr. Chairman—

The CHAIRMAN: I want to be sure that everybody has finished. Are you through, Mr. Starr?

Mr. STARR: Yes.

By Mr. Macnaughton:

Q. On the same point, is it not part of our obligation as members in the United Nations that when we are called upon to do a certain job we have, in justice, to assume it? Isn't that one of the reasons we are on the commission?—A. I would not wish to associate our participation in this commission with the United Nations too directly, because, as Mr. Macnaughton is aware it is not linked directly with the United Nations. It seems to me however there are certain obligations which one is expected to undertake as a member of the international community. This is not an easy one. This is not one which I think the government has accepted lightly. It is one which has disrupted our department considerably. In so doing we are trying to help these countries to get along better than they did before.

Before the commission was established, there was a war going on in that part of the world. The commission did not help to stop the war, but it did help in maintaining the cease-fire. There is no doubt that Canada is making a serious contribution towards the peaceful settlement in taking part in this commission.

Q. I have one other question. I refer to money. I presume it is Canadian money. Is there any chance of using blocked currencies? Would there be a sterling balance or anything like that?—A. I doubt it.

Mr. Low: We had no banks in that part of the country at all during the war.

The WITNESS: No.

Mr. CANNON: The minister mentioned the other day that Canada learned of its appointment to the commission by the press. I want to ask this question: Wasn't it a rather extraordinary thing that Canada was appointed to the commission without even being asked? What is the usual procedure in a case like that?

By Mr. Stick:

Q. There was no procedure before, because this was the first time there was a Geneva Conference.—A. Well, Mr. Chairman, it would be easy to point out that one of the reasons why Canada did not know beforehand was that there was no Canadian representative at the Geneva conference at the time of the announcement.

Canada was invited to participate in the Geneva conference during the discussions over Korea, but once these discussions were over our representation was withdrawn. As a result of the discussions over Indo China those countries directly interested agreed on the setting up of a commission and came to the conclusion that the countries which they wanted on that commission were India, Poland, and Canada. But before word of that decision could be conveyed to us through diplomatic channels, as could have been done, a story appeared in the press, and that is when we got to know of it.

Q. Would it not have been more normal to consult this country before making the appointment?—A. Yes, it would have been more normal. There is no question about that.

Q. Do you think that one possible reason that we were not asked beforehand was the possibility that if we had been asked beforehand we might not have accepted?

The CHAIRMAN: I do not think we should assume motives here any more than in the House itself.

By Mr. Cannon:

Q. You said in your evidence that a certain amount of money would be recoverable out of the sum that we have paid out to the commission. Roughly, what percentage would be recoverable?—A. It would be a fairly considerable amount which would be recoverable. It would exclude however all the expenses in regard to salaries and allowances of Canadian personnel now serving in Indo-China. There are borderline cases such as transportation of our personnel to Indo-China and back, of which we are uncertain.

Q. What percentage?—A. I am told 40.

Q. Forty per cent?—A. Yes. Recoverable 60 per cent; our share would be 40 per cent.

By Mr. Herridge:

Q. I would like to ask the witness what experience Mr. Sherwood Lett and the other commissioners had with the Department of External Affairs prior to their appointment? Were those appointments made through the Civil Service Commission, and what are their annual salaries in each case?—A. The answer to the last question is that the salaries can be found on page 188 of the blue book; one commissioner at \$12,000; one commissioner at \$10,000; and one at \$9,500.

As far as the method of appointment is concerned, I think we should relate those posts to those of Heads of mission. Therefore they are government appointments. External affairs officers can also be appointed as is the case of Mr. Mayrand, who was ambassador in Chile before being appointed commissioner at Laos. That was a normal transfer of a member of the department from one post to another. Brigadier Lett was appointed by the government. As far as experience is concerned, Mr. Mayrand and Mr. Duder are foreign service officers and have the diplomatic experience which we hope goes with those jobs. I think that Brig. Lett is well enough known to members of the Committee for me not to have to make any further comments.

Q. Has Brig. Lett had any prior experience with the Department of External Affairs?—A. Brig. Lett has never been with the department.

The CHAIRMAN: He was not with the department before.

Mr. MACNAUGHTON: Is he not a Rhodes scholar and a barrister of considerable distinction?

Mr. CRESTOHL: Otherwise, a man of very wide experience.

The CHAIRMAN: Are there any further questions?

By Mr. Low:

Q. What progress would you be able to report towards the settlement of the problem of financing the International Joint Commission in Cambodia. You stated that the cease-fire arrangement did not set out any?—A. We may have something on that, but I have not got it available here. Could we answer that question later on?

Q. Yes.—A. I am afraid the answer may be that we have not got any more on it than I said this afternoon, but we will look it up to see if we have any further information.

Q. You mentioned that the local authorities in the countries concerned are contributing items such as board and lodging and local transportation. Do you find that the kind of living accommodations being supplied to the Canadian personnel is good? Are they comfortable?—A. I think the answer is that it is as comfortable as it could be in those countries.

Q. Has it been necessary for us to send over material to supply them in their living?—A. In the case of building materials? No, Mr. Chairman.

By Mr. Crestohl:

Q. Reverting for a moment to the appointment of Canada by the Geneva Conference to this commission; technically speaking, Canada could have refused that appointment, could it not?—A. The government, I am sure, could have refused.

Q. Do you not consider it a compliment to Canada that she was elected to sit on this commission?

The CHAIRMAN: The deputy minister is at liberty to answer or not answer any question as he chooses. If he decides that he does not want to express an opinion on a matter of policy, he may say so.

By Mr. Crestohl:

Q. Is it not likely that because Canada has earned or won such distinction in the world as an international peacemaker, or as a pacifier, or a negotiator, that that is one of the basic reasons she was complimented in this way by being appointed to that commission?—A. As a member of the Department of External Affairs I am quite happy to agree with that.

By Mr. Low:

Q. Do you not agree, Mr. Leger, that the whole situation is fraught with such danger as perhaps it might bring us an increase in prestige or that we might lose prestige rather than gain it?—A. When the decision was taken I am sure that the pros and cons were weighed, and that at that time it was realized that this was not to be an easy job at all.

Q. That is right.—A. Events have proven that it is very difficult. It has also proven I think that it is very fruitful. But what the future has in store for the members of the commission I, for one, am unwilling to suggest. Until now they have done a good job. But if it reaches a stage, as the minister said in his remarks, where our participation in the commission no longer serves the principles which we try to uphold then Canada will withdraw.

Q. Is there any indication how long it may be necessary for Canada to maintain that very large personnel? I think you said there were 165 from this country.—A. It varies according to the countries; but the most important one with which we are concerned is naturally, Vietnam and there, as the committee is aware, it is expected that their will be an election in July of 1956. Therefore, the work of the commission, as the commission is now known, would cease. That however, does not necessarily mean that by that date we will be able to withdraw all our Canadian personnel; depending on the form of the election and the results thereof, I think it would be premature to suggest a terminating date for the activities of the Commission.

Q. But at least let us say the late fall of 1956?—A. As is known today, certainly not earlier than July 1956 when the elections are held. But after that we do not know because it is related to the elections.

By Mr. Stick:

Q. On page 1 of the brief when you spoke of the commission you said that India was appointed as chairman of the commission. Why was that done? Why was not an alternative appointed as chairman of one of the commissions, such as Canada, and so on?—A. That was decided at Geneva beforehand.

Q. Geneva decided it?—A. Yes.

Q. That India would be the chairman of all the committees?—A. Yes.

Q. On page 2 of your brief you say that there is a small staff at Saigon attached to the Saigon headquarters of the International Commission. You say: "In addition to the headquarters staff in Hanoi and Saigon, there are about 30 service officers in Vietnam on fixed inspection team duty and eight on mobile inspection team duty."

Would you mind clarifying why you would have 30 fixed inspection teams and eight mobile inspection teams, and state what their duties are? It seems to me from what I know of Indochina you would want more mobile than fixed ones. Can you differentiate between them?—A. Mr. Macdonnell might answer the question better than I can.

Mr. R. M. MACDONNELL (*Assistant Under-Secretary of State for External Affairs*): Mr. Chairman, the starting point is the fact that in the cease-fire agreement for Vietnam, the number of fixed inspection teams is set forth. It is not a matter of choice for the commission powers. There are fourteen fixed teams written into the Vietnam agreement, seven in the territory of one party, and seven in the territory of the other.

When it comes to sending out mobile inspection teams, that depends really on the number of special investigations which may be required at a given time. One party or the other may make representations to the commission saying that something has gone wrong, and the commission will decide to send out

a team. Some personnel will have to be kept in reserve for that type of duty. But I think probably the main part of my answer to the question is that on the fourteen inspection teams; each one of them has two Canadian officers on it and their locations are written into the agreement.

Mr. STICK: Do the fixed inspection teams stay at one place all the time?

Mr. MACDONNELL: They have headquarters.

Mr. STICK: They have headquarters, and they cannot move from there?

Mr. MACDONNELL: Yes.

Mr. STICK: On the same page in the second last paragraph you say: "I might say a word about the financing of the International Commissions. The Cease-Fire Agreements for Vietnam and for Laos both state that the costs involved in the operations of the Joint Commissions (of the parties) and joint groups, and of the International Commissions and their Inspection Teams shall be shared equally between the two parties." What parties are those?

Mr. MACDONNELL: The parties to the cease-fire agreement; in the case of Vietnam, the Democratic Republic of Vietnam on the one hand and the forces of the French Union on the other.

Mr. STICK: Did you say French union?

Mr. MACDONNELL: The agreement was signed on behalf of the forces of the French Union.

Mr. STICK: It has nothing to do with Vietnam.

Mr. MACDONNELL: There is the Democratic Republic of Vietnam, in the north.

Mr. STICK: I did not know that they were democratic in that sense of the word.

Mr. PATTERSON: I notice that the agreement says there should be 26 fixed inspection teams. I thought that Mr. Macdonnell mentioned only 14.

Mr. MACDONNELL: I was referring to Vietnam. There are 14 fixed inspection teams looking after Vietnam and there are five fixed inspection teams in the agreement of Cambodia. The other seven in the agreements are for Laos.

By Mr. Starr:

Q. Last year we spent a little over \$1 million as a result of being chosen to be on these three power commissions. You have said that about 40 per cent of it will be recovered.—A. I am sorry. I should have said 60 per cent.

Q. Who administers the expenditure of those funds?—A. The fund will be administered by India, as the chairman of the three commissions, and it will be recoverable from India once the participating countries which I have mentioned, have made their contributions to what we now call the common pool.

Q. If they spend more than 60 per cent, how can we recover that 60 per cent.—A. Sixty is a very rough estimate.

Q. These funds will not be supplemented by anybody else, and only those who participate originally—it is hoped that all of it is not used, but what is left over will be distributed back to them. Is that right?—A. I think in theory at least what is called the common pool should suffice for the three commission countries to withdraw all that is required to refund themselves of their expenditures.

Mr. BELL: Reference has been made to the national quota of each delegation. Might I ask what is exactly concerned in that?

The CHAIRMAN: What is the page?

EXTERNAL AFFAIRS

Mr. BELL: It is page 3, and it says:

"the pay and allowances of personnel included in the national quota of each delegation will be paid by their respective governments . . ."

I just wondered exactly what this means.

The WITNESS: I think it is the number of Canadians required to do the job in Indochina.

By Mr. Bell:

Q. I presume this quota was set up at Geneva?—A. It was set up in this sense, that there were to be three Commissioners appointed on each commission a Canadian, a Pole, and an Indian; that there should be a secretariat-general for each commission, and that there should be a certain number of fixed and mobile teams on which two Canadians, two Poles, and two Indians would serve. That gives you the national quota.

Q. That would be our national quota today?—A. Yes, but it is not a fixed quota, and if for example for some reason the Poles recommended that there should be more mobile teams in any of the three regions, we would have to match them or then decide to oppose the setting up of more teams. But if the commission decided that there should be more teams, we would have to go along and send more people. So the national quota is not fixed.

Q. And the same would be true if they wanted to decrease the teams?—A. Yes.

Q. So the national quota at the present time is the same for the three participants, the three countries?—A. I am afraid that I am not in a position to answer that, but I shall ask Mr. Macdonnell.

Mr. MACDONNELL: Mr. Chairman, the size of the different national groups varies. Let me give you an example: the Polish group is larger than the Canadian group. One reason is the problem of translation. The languages of the commission are English and French. The secretariat provides interpreters and translators at headquarters, and that is simply a charge on the general international body. But it was agreed at an early stage that the Poles would be responsible for providing interpreters and translators into and out of Polish. The burden was not placed on the commission in general. So your inspection team includes not only the team members, but persons capable of translating into and out of Polish, and into English or French.

Mr. BELL: How about India?

Mr. MACDONNELL: The Indians have a great many more personnel than anybody else because they are providing practically all of the personnel on the secretariat, and they are also providing security guards and communications operators. So there is a very large contingent of Indians, mostly service personnel.

Mr. BELL: They were on the permanent staff, and they are paid from the funds contributed by the various national countries?

Mr. MACDONNELL: That is right.

Mr. BELL: So we could say that the national quota of each delegation, that is the quota which is being paid for the country, is approximately the same with the exception as you suggest that the Poles have a few more with them as translators.

Mr. MACDONNELL: That is right.

Mr. BELL: If I remember correctly, when the minister reviewed the situation he mentioned the fact that there was considerable difficulty encountered, or at least he inferred that there was difficulty encountered because we were

out of proportion in numbers. I do not know if he meant that our individual members would have to work harder in order to cover the territory than the other members because there would be more of them, or whether he was saying it just because the permanent staff is made up of other members. But I was going to suggest or ask if perhaps the deputy minister would not think it would be better to try to have the exact number including the staff and so on the same for each country, and then this trouble, if there is any, would be eliminated.

The CHAIRMAN: We might not be able to get this answer either today or within a day or so.

Mr. BELL: Would you say that there are difficulties encountered because we do not have quite as many? Have there been any difficulties or extra duties placed on the personnel because of the fact that we did not have quite as many?

The WITNESS: I could give a general reply but I do not know if it would be satisfactory. We know where we stand as regards mobile teams and fixed teams. There are a certain number of Canadians, Indians, and Poles on those teams, and a certain number of interpreters. But what causes the difficulty is the number of advisors which each country wishes to attach to his commissioner. Mr. Lett for example, has a number of political and military advisors. His Polish colleagues could have twice the number of advisors, and we have no control over them.

By Mr. Bell:

Q. Oh, I understood—in other words this 165 which make up the nationals here does not include any of those other advisors who may be there?—A. Yes, this is the total number of Canadian members including 7 diplomatic advisors for Hanoi, one in Saigon, two in Laos.

If there was such a thing as a committee on external affairs in Warsaw studying the Polish quota, they could very well come to twice the number we have here, but it could be mostly advisors attached to their commissioner in the three countries.

Q. I would like to know if it was possible to have the total number of each of the delegations and of each country in it; and if there are any difficulties. Somebody suggested that our delegation is operating under extreme difficulty, through that difference in number, or suggested that is one reason.

The CHAIRMAN: Where did you get that? Here in the committee?

Mr. BELL: If you have the time to answer it.

Mr. MACNAUGHTON: It would cost more money.

The CHAIRMAN: You do not mean that we should hold up the vote just for this, because they might have to wire to the commission in order to get an answer.

By Mr. Low:

Q. I do not know if I correctly got the break-down of that 165 figure. How many officers and employees of the External Affairs department are included in that number?—A. Mr. Chairman, in Vietnam there are seven External Affairs officers, and in Laos and Cambodia there are two in each country. I have already stated in my brief that in Hanoi there are senior and deputy military advisers with a staff of 12 officers and 20 other ranks. In Saigon there is only one external affairs officer and one military officer and then we come to the fixed inspection teams, and those figures were given as about 30 for Vietnam.

Q. It would be about 75 altogether?—A. That is for Vietnam, and we would have to add the smaller staffs—Cambodia and Laos. The military staff in Laos and Cambodia consists of two staff officers each, and eight other ranks at headquarters.

Q. They are not employees of the Department of External Affairs?—A. No.

Q. I wanted to get the breakdown as between the Department of National Defence and the Department of External Affairs. You have in your statement on page 4 that you are short-staffed. You said that an increase there had only been in the amount of 30 since 1954, and you indicated that anything over 30 officers and personnel who are now in Indochina would be a net decrease in your total personnel.—A. Oh yes, Mr. Chairman. The increase of 30 referred to consists of external affairs personnel; the diplomatic staff proper is 7, 2 and 2.

Q. That would make 11.—A. 11, yes, with one in Saigon, making 12 in all.

Q. That is what I wanted to get; there are 12 members in all from your diplomatic staff. Now, with respect to your clerical staff, have you got the total of that?—A. Roughly it is 18, but we will check that figure.

Q. Roughly 18?—A. We have 19 positions in the estimates.

Q. How is that affecting your other work in the department? Do you find certain places where you cannot carry on as efficiently because you are short-staffed?—A. Well, Mr. Chairman, as I tried to mention in my comments on the personnel problem, if you add Indochina to the new missions which we have established and which we have to man, it represents a considerable drain on our personnel. The result of that is that in some missions abroad they are short of either one officer or one stenographer, and they have to do without them because they happen to be in Indochina. With respect to headquarters in Ottawa I doubt that there is one of our seventeen divisions up to strength at present. There are 1 or 2 officers missing in some divisions.

Q. That is exactly why I wanted to get it, because it is creating a rather difficult situation from the personnel point of view.—A. Yes.

Q. Is it contemplated that following the election in Vietnam in 1956 that Canada will step up the permanent missions in those Indo-Chinese countries?

The CHAIRMAN: I think that is a question of policy for the minister to answer. Please keep it for him.

Mr. Low: We will hold that one in cold storage.

Mr. STICK: Permanently in cold storage, I would think.

Mr. Low: No, I do not see why.

By Mr. Herridge:

Q. On page 180 of the estimates you show the salaries for the full-time positions which are given as \$166,515; and I see that the allowances for those positions are given at \$112,604, and travelling expenses and so on provided for in other items amount to \$112,000 or about 7/10ths of the allowances and the total salaries paid. That seems somewhat high. Could the witness tell us what is included in the allowances for those personnel?—A. I think the relationship of allowances to salaries is about the same as in other diplomatic posts abroad. I think that the allowances proportionately with regard to salaries are no higher for our Indochina operations than they are for our other diplomatic missions.

As regards the first part of that question I think that the purpose of the allowances for our people in Indochina is the same as the purpose of the allowances for our diplomatic offices throughout the world. At a later stage we will be discussing allowances generally, and at that time we will be glad to give the general purpose of the allowances.

The CHAIRMAN: When we come to item 94 which includes salaries and allowances and so on, the general principle as stated by the deputy minister will be set out.

By Miss Aitken:

Q. The Under-Secretary gave a figure of \$194,308 as the amount of the cost of the commissions to external affairs. On the other hand the figure in the estimates is \$705,000. Can he explain that?—A. When I gave this figure it was only for part of the year; it was for the fiscal year 1954-55.

Q. \$194,308?—A. \$194,308, yes.

Q. In the estimates it is shown as \$705,000.

The CHAIRMAN: That is for the following year.

The WITNESS: For the full year, Mr. Chairman.

The CHAIRMAN: For 1955-56.

Mr. MACNAUGHTON: I just want to make one comment on the Indochina mission. It seems to me that there is no doubt that it is according to law and that there is a local difficulty in your department, but can't you also argue that it is giving your staff a great deal of international experience which will prove of tremendous value, and experience in the Pacific area where we have not had too much experience in the past, and which is potentially most important in the future. I would like to refer now to page 4 when you say that the department has already opened five new posts over the past seven months.

The CHAIRMAN: Excuse me, I am sorry, but you are going to another vote.

Mr. MACNAUGHTON: I thought we were discussing Indochina.

The CHAIRMAN: We are on vote 111. It was the first item, and I would like to stick to item 111 and try to get it disposed of before we get into the personnel question under item 94. If there are no further questions on item 111 shall the item carry?

Carried.

Item 111 is carried. Now we come to the second item of the Deputy Minister's brief which would bring us to the personnel question. Item 94 would be quite a tall order. We might as well get into it now as later.

Mr. Low: That is for representation abroad?

The CHAIRMAN: Or should we agree now to take up item 92 and proceed in sequence?

Mr. STICK: I think it would be a good idea to start with item 92 and go through in sequence.

The CHAIRMAN: We have disposed of one item, and we now go back to item 92, departmental administration.

Departmental Administration, \$3,731,631.

This vote is for \$3,731,631 to which more than—not two-thirds, but nearly two-thirds \$2,055,965, as found on page 173, is for salaries. Are there any questions on this item because later on you will see on the split-up of this vote the different items. Personnel at headquarters, salaries of personnel, recruitment of personnel, and so on would be in order under this first part. If we could dispose of it we would avoid going over the same ground again. Are there any questions on this item of \$2,055,965 which is to be found on page 173, of salaries under departmental administration?

Mr. PATTERSON: On page 172 with respect to foreign service officers in the middle of the page, there is a reduction from 42 to 26; 42 last year and 26 this year.

The CHAIRMAN: Grade 1 foreign service officers That is right.

By Mr. Patterson:

Q. Why is there a decrease?—A. Normal promotion from grade 1 to grade 2.

Mr. CRESTOHL: I move that the item be carried.

Mr. STARR: Does personnel come under this item?

The CHAIRMAN: Yes, personnel at headquarters. You will find that at page 172 and page 173 of the blue book. That is a split up of the vote for departmental administration. That is here at the home office.

Miss AITKEN: I would like to ask for an explanation of the Courier service between Ottawa, Washington, and consulates in the United States.

The CHAIRMAN: Shall we carry the first part of the vote on personnel?

Carried.

May I call the items, and your question would come up in due course. The second one is allowances at headquarters. That would be a small item, compared to allowances in the field service or abroad.

Mr. BELL: It is at page 173.

The CHAIRMAN: Page 173 shows the split-up in this vote. In order to carry the discussion in sequence the second item of the column there gives the total salaries of \$2,055,965. That has carried. Now, allowances \$8,475. That is allowances at headquarters.

The WITNESS: Yes.

Mr. STICK: I think we can take the whole lot up to \$3,731,000.

The CHAIRMAN: In order to keep the discussion in order?

Mr. STARR: I do not know where anybody finds these things.

The CHAIRMAN: It is page 173. If we open the whole vote at one time everybody will cover this whole ground and it will take more time. Now, "Professional and special services, \$66,700." Shall that item carry or are there any questions?

Carried.

Now, Miss Aitken "Courier service between Ottawa, Washington and consulates in the United States, \$47,000."

By Miss Aitken:

Q. I would like to have an explanation of that \$47,000. It seems a high price.—A. I think a similar amount was in for 1954-55. It is to provide a courier service to our consulates general at Chicago, Seattle, San Francisco, and the embassy at Washington. We cannot send certain types of information through the regular mails, and we must link those missions with headquarters one way or another. This service seems to be the minimum which is required not only to keep these posts informed, but also to make sure that they follow whatever the head office suggests that they should do.

Mr. STICK: It is the same principle as the king's messenger for the foreign office in England.

The CHAIRMAN: Shall the item carry?

By Mr. Low:

Q. Have you been spending pretty close to that amount of \$47,000 each year.—A. That is a difficult question. We are just starting in another few weeks. These are estimates.

Q. I understand that, but you had \$47,000 last year.—A. Yes.

Q. Why did you spend nearly that amount last year? As I remember, that amount has been spent each year for some years.—A. We spend \$31,000 on the route which included Washington and New York only.

Q. Would the addition of San Francisco account for the difference?—A. Yes.

Item carried.

The CHAIRMAN: Now, "Removal and Home Leave Expenses, \$448,000".

By Mr. Low:

Q. This is a vote which seems to be growing. I wonder on what basis. Has there been any change in the basis on which these allowances were made?—A. There is no change on the basis. The increase is really of quantity: there are more people who go to more posts, and the more we expand, and the further away we are from the home office, then the more expensive it becomes; also this covers home leaves related to two-year posts, three-year posts or 3½-year posts, which are a very expensive part of our operations. Indeed, our new posts over the last two or three years have been opened in far away and at times insubstantial places. In other words we now have more 2-year posts than before.

Mr. CRESTOHL: There is no doubt that there has been an increase in the cost of transportation as well.

The WITNESS: Indeed, but it is not due to that alone. There are more new posts.

Mr. Low: And more frequent returns.

The WITNESS: Yes.

The CHAIRMAN: Carried? Now, "Other travelling expenses, \$45,000."

By Mr. Low:

Q. What would these other travelling expenses refer to? You have already mentioned people coming home on leave. What would this other item of \$45,000 be for?—A. That is for travel in Canada, for normal headquarters travelling expenses and transportation, including among other things provision for familiarization tours of Canada by some of the officers of the department before being posted abroad. The increase this year is due to the new communications equipment and for the expenses of travelling to service that equipment, as well as expenses for travel in Canada.

Q. Do these communications people travel by plane?—A. I think they normally travel by train, but there are many exceptions to that rule. For example, if an officer has to travel some distance outside of Ottawa to discuss problems, I am sure that if he requests permission to travel by air, it would be granted automatically.

Q. It would depend on the urgency?

The CHAIRMAN: Now, "Freight, Express and Cartage, \$18,500."

By Mr. Bell:

Q. On this item and on the following ones I would like to ask why there is quite an increase. It seems strange for postage and cartage and so on is up in view of the fact that you are going to have a new telecommunication system. I should think you would be almost able to reduce the amount in that case.—A. Well, with respect to the first part of the question on freight, express and cartage—

Q. That is the total for all of last year?—A. This is for the distribution of information material to posts abroad, including trade commissioner posts.

We are also making provision for possible transportation costs in connection with three exhibitions. One is an exhibition of Eskimo art throughout western Europe. Another one is for an art exhibition in commonwealth countries, and a third is in connection with an exhibition at Sao Paulo in Brazil. The first will cost approximately \$5,000; the second \$2,500; and the third, \$2,000 making a total of \$9,500, which is already accounted for.

The CHAIRMAN: I do not want to adjourn the meeting, but the chief reporter sent me a note indicating that we have one man for over two hours. Perhaps we might take a short recess at this time if you will promise not to go out of the room, or to come back if you do go.

(Upon resuming)

The CHAIRMAN: If nobody has any more questions I think we will lump the remaining items of this vote. If anyone has any questions on the following items would he please indicate them?

By Mr. Cardin:

Q. Mr. Chairman, I wonder if Mr. Leger would tell us whether any film displays, broadcasting, advertising and other material—whether in each embassy there is a certain amount of money allotted for information material?—A. Mr. Chairman, there is no given sum of money that a mission has at its disposal for these specific purposes.

Q. Do the different embassies have some of this information material for display?—A. Yes, Mr. Chairman. They have photographs which can be used for display, and a film projector. Naturally they have a very good series of National Film Board films. The number of people in different lands who are interested in Canadian films is quite remarkable. I think that France, Japan, and according to my recollection, Western Germany are the countries where Canadian films are shown more often.

Q. Have any complaints been received to the effect that the different embassies do not have enough leeway to send out displays to different organizations at one time or another?—A. It has happened once in a while that we did not have in our embassies the type of display suitable for a given occasion. There might be, for example, a display, let us say, on the theme of the United Nations. It may very well happen that if that occurs in Mexico, and we are given only a fortnight's notice that we are not able to send any material that would be of great use. The other extreme would be when we would be given notice but would not have the necessary material to provide.

Q. That is what I was leading to. I wanted to know if Mr. Leger felt that \$51,000 was sufficient to cover that item which I considered would be quite important. I wondered if he felt that \$51,000 was enough to cover that particular item.—A. Well, Mr. Chairman, this is what we try to do with our \$51,000: in the estimates there will be \$29,700 devoted to photographs and illustrations. This is a set of small and large photographs which are very often asked for by schools, institutions or other types of organizations which want to organize, let us say, a "Canada Day". Our missions are supplied with that type of photographs which we purchase from the Film Board. I know from experience that it is an easy way to explain Canada to children and to people in faraway lands who know nothing about Canada. The second is \$2,500 for films; maps, and charts \$4,500; and we also have an item of \$6,600 for foreign journalist tours. As the committee is aware, just last week we had here a visit of NATO newspapermen. It will be partly paid out of this vote of \$6,600. We have found over the last two or three years that this by far is the best way to get Canada into the foreign press; to invite foreign newspaper men to come to Canada so that they may report back to their newspapers the

type of story which they know the readers of their newspapers will want. This, by the way, has been so successful over the last year that I hope that in the future years we could have a higher sum than this one because the returns are considerable.

Mr. CRESTOHL: That is Mr. Cardin's point. He suggests that we should vote you an increase in that expenditure.

Mr. BOISVERT: What is the explanation for the increase in the item of "Telephones, telegrams and other communication services"?

By Mr. Stick:

Q. That would be for the set-up of the new telecommunication system?—A. On this particular item, which is a very sensitive one, I am sure that my minister would be willing to explain to each member individually what it is all about.

Q. You could say that it is for the setting up of the new telecommunication system very largely?

The CHAIRMAN: It is covered on page 6 of the deputy minister's statement.

Mr. CRESTOHL: I move that item 92 be carried.

By Mr. Herridge:

Q. Mr. Chairman, I was going to ask a similar question about this item of "Telephones, Telegrams, and other communication services", because on page 6 of the deputy minister's brief it says that there will be a program to modernize our communication system, and that the latter service would be extended to a larger number of posts. He mentioned that it would be inappropriate to go into the details. This was a very large sum of money with quite a considerable increase and I for one cannot understand why it would be inappropriate to go into certain details with respect to the telecommunication system. Could we be given some details of the mechanical aspects of it and what is intended to be done with this money?—A. May I for the next meeting consider whether we could elaborate on that, and to what extent? As the members of the committee will realize I think, perhaps, we should give as much information as possible, bearing in mind the type of service that is required under this vote.

Q. Thank you.

By Mr. Bell:

Q. I want to ask one more question concerning this publicizing of Canada in foreign countries. I wondered if there was some method used of publicizing the fact that we are making these various contributions not only through the United Nations but through our work in Indochina. Do you have some method outside of newspapers to make certain that we get some credit for the work we are doing? I mention that because quite a few have said—and we read in various places—that aid is given to those countries. They are foreign countries and in some countries they are Communist or near-Communist countries and we do not get full credit for the aid that is given.

The CHAIRMAN: Which country do you have in mind? The committee should know which Communist country you have in mind.

Mr. BELL: I have in mind certain countries that we are trying to help which might have Communist leanings.

The CHAIRMAN: Would you mind mentioning them so that the committee may judge your question. We have had evidence about technical aid and we will have evidence on the Colombo plan, and we have had today part of a brief dealing also with the Colombo plan.

Mr. BELL: Then I won't use the word "Communist" necessarily; but could you give an example of any of the Colombo aid countries, for example where we do offer this assistance? Could Mr. Leger tell the committee what is done to make certain that we, as Canadians, get full credit for that contribution and not the particular government in power, whatever political party it might be?

The CHAIRMAN: I think the question to the deputy minister is what publicity do we make with respect to the Colombo plan. We will be having Mr. Cavell with us and he will be able to give you the actual facts. He will be here on Tuesday morning or afternoon, when such a question may be directed to him. I would not like to leave on the record that there is any country that we know of which is dominated by Communists and which we are helping. If you know of any it would be interesting to us to have you give the name. But as to what we do, I think the question is in order.

By Mr. Crestohl:

Q. On the very same point, for example, we here in Canada and in the House of Commons are flooded with communications from a number of embassies as to what trade they are doing and other things, and on the international field. We do get this sort of communication. Industrial concerns, labour organizations, and others are flooded with this type of information from local embassies in Canada. Is Canada doing the same thing in other countries to popularize their legislators, large industries, commercial houses, and organizations on what Canada is doing in the same way?—A. I could give a partial answer, and I may have to supplement it by another statement later on. I would like to point out that external affairs is not the only department which has the job of projecting Canada abroad. The head of a Canadian mission, being a member of the Department of External Affairs, naturally would see to it that Canada is projected as intensely as possible not only by his own department, but for example, also by the Department of Trade and Commerce which is in charge of exhibitions abroad. But it is really not only an External Affairs problem.

In another field the C.B.C.—I.S. does project Canada abroad, including we hope the Iron Curtain countries. As far as the Colombo plan is concerned, if it were possible for Mr. Cavell to reply in my stead, I think he would be able to give a much better answer. Earlier I already mentioned the exhibitions of Canadian paintings or Eskimo art which are held in that respect.

I might draw on my own experience in a country where I was posted. There was a mission there representing a country much smaller than Canada, to which were attached half a dozen experts on public relations. That mission received by telegraph daily bulletins from its capital and I am sure that the total cost to the government of that foreign country for publicity or propaganda, whichever you want to call it, was closer to \$100 thousand a year than it was to \$50,000 a year.

Now, as far as we are concerned, we have only four posts in our service where there is a press attache as such. Actually, all our posts do something in this field and are co-operating in distributing material on Canada. But we must bear in mind that we cannot do much with the means placed at our disposal. At this stage, with the means placed at our disposal, I think a fairly good job is being done. Naturally, if there were more funds available we would be able to do more.

Mr. BELL: In Indochina are the people—perhaps Mr. Macdonnell would be good enough to answer this question—are the natives, if we might use that word, cognizant of the fact that Canada along with these other two countries have got \$1 million invested in the plan down there now? Are we doing something in that regard? I realize it is difficult. I asked if pamphlets are distributed. Is there some way that information could be given to them?

Mr. STICK: We are not diplomatically represented in Indochina. It does not come under that.

The WITNESS: I think as far as Indochina is concerned our mission there technically does not represent Canada; we are members of a supervisory commission to do a very specific job. If that job is well done, surely, it will have its effect on the local population and they will have a higher regard for Canada. But the main purpose of our being there is not at all like that of a diplomatic mission.

By Mr. Bell:

Q. Do our representatives have any sort of designation which indicates Canada? Do they have a flag, whatever that might be, or some sort of Canadian crest or something? I wondered if the people there know in any way that there are some Canadians in their country?

Mr. MACDONNELL: I do not think that there can be any doubt at all that the people are well aware of the fact that Canadians are there. You mentioned the matter of a flag. The Canadian flag flies over the delegation headquarters buildings wherever they may be. Moreover the bulk of our personnel in Indochina after all, are Canadian service personnel and most of them have the word "Canada" in pretty visible form somewhere or other. But even apart from that, I am confident that wherever they operate, even in the more remote and more difficult parts of the territory, it is very well known who are Canadians, who are Indians, and who are Poles. I do not think anyone need have any doubt that the contribution which Canada is making in Indochina is recognized by the population.

By Mr. Patterson:

Q. I was going to ask a question with respect to the courier service and the carriage of diplomatic mail. What is the differentiation there? One is just personal messenger service, and the other would be correspondence? Is that it?—A. The courier service referred to is under primary five, is it not?

Q. That's right.—A. That has to do with service between Ottawa, Washington, and consulates in the United States only. Therefore, it does not cover any other of our posts abroad.

Q. Is that for personal messengers, or is it for mail as well?—A. The courier service is personal messengers.

Mr. STICK: It is more like the King's messenger for the British foreign office.

By Mr. Starr:

Q. What about the item of carriage of diplomatic mail?

The CHAIRMAN: That is number 8.

The WITNESS: That concerns payments to the air lines for our services to and from London via T.C.A. to and from Tokyo via T.C.A., C.P.A.L., and to other posts via British Foreign Office services, because we have an understanding with the United Kingdom whereby they service some of our posts. Would the committee care to have a breakdown of those figures?

The CHAIRMAN: No, I do not think so.

By Mr. Bell:

Q. When the new telecommunication system is set up will some of this amount be decreased, or is that something entirely separate?—A. It is mostly separate, but it may well be that once the telecommunication system is set up in more capitals, it may well be that we can do with less diplomatic courier service. I think that is the question which we could consider at a later date.

The CHAIRMAN: Shall item 92 carry?

Carried.

Well now, item 93 "Passport Office Administration \$253,779?"

Shall the item carry?

Carried.

Now we come to item 94 "Representation Abroad"

94. Representation Abroad—Operational—including payment of salaries of High Commissioners, Ambassadors, Ministers Plenipotentiary, Consuls, Secretaries and Staff appointed as directed by the Governor General in Council, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, \$6,700,339.

Mr. Macnaughton had a question regarding personnel. Perhaps it might be asked at this point.

By Mr. Macnaughton:

Q. Referring to the statement of the deputy minister on page 4, it says:

...the department has also opened five new posts over the past seven months. Those new missions are now in full operation in Israel, Egypt, Lebanon, Haiti and the Dominican Republic.

I know in the case of Israel that she happens to be the 19th trading nation with which we trade, and that this in itself would be sufficient reason for opening a mission there. What is the basic reason for opening missions in the other places such as Egypt, Lebanon, Haiti and the Dominican Republic.—A. Mr. Chairman, in the cases of Egypt, and Lebanon we had no diplomatic representation at all in the near or middle east; I think we had no representation between Athens and Karachi and this has become an extremely important part of the world as members of the committee know. I do not want to minimize the trade aspect of those two missions at the expense of their diplomatic aspects.

As far as Haiti and the Dominican Republic are concerned, I think that the Government was more influenced by the trade matters. Also we must bear in mind that our representation in Latin America slowly but gradually should eventually cover most of that continent. Tradewise there are Canadian firms in the Dominican Republic as well as in Haiti; in the latter country there are also a considerable number of Canadian missionaries.

Mr. STICK: And Canadian banks.

The WITNESS: Yes, Canadian banks as well. So I think it was quite normal for the Department to open those new missions at those specific places. We must also bear in mind that of the five new missions there is only one where we have a permanent resident head of the mission, and that is Egypt. Israel is attached to Greece, the ambassador in Greece also being ambassador for Israel. Lebanon is attached to Egypt. Haiti and the Dominican Republic are attached to Cuba the ambassador to Cuba also being the ambassador to those two countries.

By Mr. Macnaughton:

Q. Is it the hope and intention of your department to establish a resident minister or ambassador in Israel in the near future?—A. I think that is a question for the minister to answer.

The CHAIRMAN: It is more a question of policy. Perhaps the number might reserve that question for the minister. We would ask his executive assistant to read the reports of the committee and he might have a word to say at a later date.

By Mr. Stick:

Q. Under item 94, what is the total cost of Canada House in London, England; what is the annual cost of upkeep, what are the total annual salaries, and what is the number of staff employed by grades? I gave you that question before.

The CHAIRMAN: I think the answer is here.

The WITNESS: The capital cost is \$1,574,721.45. The maintenance cost is \$1,176,241.17.

By Mr. Stick:

Q. Per annum?—A. That is from the beginning. The annual upkeep was as follows: In 1951-52, it was \$33,270.55. In 1952-53, it was \$29,835.11. In 1953-54 it was \$30,163.46. In 1954-55 up to the end of February only it was \$24,428.11.

The third question with respect to the total annual salaries, and the fourth question with respect to the number of staff employed by grades makes a fairly long answer.

The CHAIRMAN: We could place it in the record. We shall consider it as read and have it projected in the record.

CANADA HOUSE (LONDON)

EXTERNAL AFFAIRS STAFF

- 3) Total annual salaries \$243,236.42
 4) Number of staff employed by grades

Civil Servants

1	Foreign Service Officer	Grade 10
1	Foreign Service Officer	Grade 8
1	Foreign Service Officer	Grade 6
2	Foreign Service Officers	Grade 5
1	Information Officer	Grade 7
3	Foreign Service Officers	Grade 3
1	Administrative Officer	Grade 2
1	Librarian	Grade 2
1	Technician	Grade 1
1	Principal Clerk	
6	Clerks	Grade 4
5	Clerks	Grade 3
1	Stenographer	Grade 3
1	Teletypist	Grade 2
2	Clerks	Grade 2B
1	Stenographer	Grade 2B
1	Messenger	
1	Special Messenger	

London Permanent Foreign Service Employees

(Permanent Local Employees)

1	Departmental Accountant	Grade 2	(F.S.)
3	Principal Clerks		(F.S.)
1	Clerk	Grade 4	(F.S.)
1	Stenographer	Grade 3	(F.S.)
5	Clerks	Grade 3	(F.S.)
1	Clerk	Grade 2B	(F.S.)

Locally-Engaged employees

1	Clerk	Grade 4
3	Clerks	Grade 3
1	Stenographer	Grade 3
8	Clerks	Grade 2
9	Stenographers	Grade 2
1	Typist	Grade 2
5	Clerks	Grade 1
7	Stenographers	Grade 1
3	Telephonists	
1	Messenger	
3	Chauffeurs	
3	Maintenance Men	
2	Office Boys	
1	Senior Servant	
2	Night Clerks	

Summary

Civil Servants	31
Permanent Local Employees.....	12
Locally-Engaged Employees	50
	—
Total Employees.....	93
	—

By Mr. Starr:

Q. I have two questions to ask. I notice that we are short by about 30 personnel, and at the same time on page 4 you say:

“... to take care of vacancies created by retirements, resignations, transfers to other departments . . .”

You must train men probably in some cases quite extensively. Why are these men, after being trained, allowed to be transferred to other departments?

—A. Well, Mr. Chairman, these transfers do happen.

Q. Is it at your request?—A. There are a variety of factors, but to give you one example: when we have a foreign service officer, grade 4 or 5, who has specialized in a given field that fact is known in other departments. They may need an expert so I suppose, it is quite normal, just as it is in private industry for them to try and find the best man available.

Q. You should guard them more jealously. Is it proper to ask a question on embassies at this time?

The CHAIRMAN: No, that would come under item 95. You mean on new buildings?

Mr. STARR: On the function of an ambassador.

The CHAIRMAN: Yes. Everything that is purely not constructional, would come under this item.

By Mr. Starr:

Q. I particularly would like to know if we have an ambassador to Austria?—A. No, we have a chargé d'affaires, and the minister in Switzerland is also accredited to Austria, but he does not permanently reside there.

Q. So the expenditures as listed on page 178 of these estimates for Austria are for the purpose of the attaché?—A. For the purpose of the chargé d'affaires, and one diplomatic officer, and a clerical staff, who reside there.

Q. But the ambassador to Austria officially resides in Switzerland.—A. Yes, and he spends some time—I would say that he makes four or five visits a year which vary in length from one week to one month.

Q. Is he there now?—A. I do not think he is there at this present time, but he was there during the four power meetings recently. We could provide you with that information.

Q. My understanding was that the ambassador to Switzerland has not made any visits to Austria at all, or at least until as recently as a few months ago.

Mr. CRESTOHL: I saw him there last December.

The WITNESS: We could give you the exact number of times he has been there since he has been appointed.

Mr. STICK: Have we got an ambassador in Switzerland?

The CHAIRMAN: Yes, we have.

By Mr. Crestohl:

Q. Under the heading of operational for our representations abroad I would like first of all to make a brief statement and then ask a question. I happened to be in Rome last Christmas Eve when I was invited to a gathering at the Canadian embassy which was held for the staff, their relatives, wives, and children. The ambassador held a very delightful At Home for all Canadians in the form of a Christmas party. It was a very eventful day for Canadians in Rome.

A security officer masqueraded as Santa Claus and I think about 40 or 50 received Christmas presents. It was a very delightful day, and I formally congratulated the ambassador when he said that he was very happy to do it. I asked him if the government made an allowance, and he rather hesitatingly replied, and I gathered from his reply that the government did not. This was a rather important event in the life of Canadians abroad, and I wondered if there was any allowance made to our embassies abroad for this type of celebration which was really a Canadian family celebration abroad.—A. Well, Mr. Chairman, the answer to the last part of your question is no, but I would like to relate it to the wider context under which allowances should be considered.

The CHAIRMAN: And at the same time you may ask your second question on allowances.

Mr. HERRIDGE: My question has to do with page 176 and the item of \$1,027,399 for allowances for living expenses, and also the item on the next page, 177, of \$1,078,165 for allowances to meet higher costs of living abroad. It would appear that living costs have gone up by 100 per cent abroad. I would like to know the full details.

The CHAIRMAN: The two questions should be answered about the same time because they cover the point of allowances.

The WITNESS: Allowances are provided for two main purposes (a) to compensate for differences in costs of living abroad, and (b) to allow officers to do their job on a scale proper to the position the government expects them to uphold. In order to be able to perform his duties which, apart from his normal office work, require him to mix as widely as he is able with officials and others in the country to which he is accredited, an officer must find and operate somewhat larger accommodation than is necessary at home. His allowances are intended to permit him to do this and to cultivate the necessary contacts in business and social ways in a manner appropriate to an official representative of Canada. Allowances are also intended to provide some minimum compensation for the personal and family difficulties and financial disadvantages which are inescapable in the itinerant life of a member of the foreign service.

Therefore the answer is no to the question as to whether the Christmas party given to Canadians is provided for in the allowances as they now are established.

The estimate for the difference in the cost of living abroad as suggested in the blue book takes about half the total amount of the vote for the purpose of allowances. In other words, the cost of living in other capitals is so much higher than it is in Ottawa, that 50 per cent of their allowance is for the purpose of giving them the same purchasing power in the country where they are that they would have, were they in Ottawa performing similar functions.

By Mr. Herridge:

Q. Why is the item more than the total this year? Has the cost of living doubled in a year in those countries?

The CHAIRMAN: Where do you see that it is double.

Mr. HERRIDGE: On page 177.

The CHAIRMAN: \$1,078,165?

Mr. HERRIDGE: And the item before that at the bottom of 176 is \$1,027,399.

The CHAIRMAN: Last year it was \$971,820. I do not want to contradict you, but I do not feel it is doubled at all.

Mr. CRESTOHL: May I suggest to the officers of the department that they give some consideration to the idea that it might be advisable to encourage this form of celebration at least on one day of the year by allowing or making an allowance for the cost of that sort of function. It was a wonderful day for all Canadians to get together and I do not know whether all of our ambassadors do it. If they do not, perhaps they might be encouraged to do so if an allowance were made. I think it would be a very good thing for Canada and for our staffs abroad.

Mr. MACNAUGHTON: They cannot do it without money and if we do not give them the money, how can they do it?

Mr. CRESTOHL: Some of the ambassadors do it at their own expense. I think it would encourage them if we voted them an allowance.

Mr. BELL: After all, the duty of the ambassador is not necessarily that of holding parties to entertain Canadians.

Mr. CRESTOHL: I said that it was for the Canadian staff purely and simply and not for all the Canadians in Rome. I happened to be the only one visiting Canadian in about 100. All the rest were members of the Canadian staff or connected with it as wives, or children. They are the ones who make a sacrifice when they go abroad to take these posts.

Mr. PATTERSON: Perhaps they do not always regard it as being a sacrifice.

The CHAIRMAN: Shall item 94 "Representation Abroad" carry?

Carried.

Shall we venture into item 95? Let us go on to item 96 which is a small amount "To provide for official hospitality". We should clear it in ten minutes. We do not have much time left this afternoon.

Mr. MACNAUGHTON: I have a question on item 95.

The CHAIRMAN: We shall come back to item 95. We have only ten minutes left.

Mr. MACNAUGHTON: Why not take up item 95 today?

The CHAIRMAN: Very well.

By Mr. Macnaughton:

Q. On page 7 of the deputy minister's statement it mentions construction of an office building in Paris. Would you tell us where the location is, or is that possible at the present time.—A. Yes, it is on Avenue Montaigne, which is very close to the centre of Paris, much closer than the present chancery. It will be easier for Canadians in Paris to get to the chancery without difficulty because it is close to the hotels and just about 20 minutes walk from the new residence.

Q. That is a replacement of the present one which is on the Avenue Foch.—A. Yes.

Q. What is the story with respect to Rome? There was a question of a chancery or an office building and a private residence?—A. We are in the process of negotiation now, and I would not like to say too much on it because the negotiations might breakdown, but we hope they will not.

Q. With regard to the residence, I understand that we have already purchased a property in Rome for that purpose. Is it the intention to go on with it?—A. Yes, it is the intention to sell the present lot of land which was purchased a few years ago. The difficulty is that when the lot was purchased, in one of the very good sections of Rome...

Q. In a very historic section?—A. Yes. The government purchased the site with a view to building a residence and a chancery. And then it was realized that the municipal regulations prevented us from building that type of structure. So the choice was either to keep the site and build a residence only, or sell the site. The government thought that the first alternation would be too expensive a proposition. So now if we can purchase the chancery which I mentioned in the brief, in due course, the site will be sold and another residence will be found.

Q. On page 8 you speak of a proposed Canadian government building in London. Could you tell us what that means?—A. There is not very much I can say because the Department of External Affairs, although consulted and interested, will not have anything to do with that building which will be built by the Department of Public Works to house departments other than the Department of External Affairs. And as the committee will have seen there is no item in our budget covering that building.

Q. It has not to do with Canada House?—A. No. It will be next door to Canada House.

Mr. BELL: What about New York City? How do we fit into the plan about which we have read so much in the newspaper.

The CHAIRMAN: You mean the Canadian business building?

Mr. BELL: Yes.

The WITNESS: That is strickly a private venture.

By Mr. Bell:

Q. I understood that we could be expected to be in that building in some way.—A. The position as I understand it—but I wonder if it would not be wiser if I were to make a statement tomorrow or the day after on that specific question.

Mr. MACNAUGHTON: That is very important information about Canada House in New York. It might interest the members of the committee to know that the Canadian consulate general is located in the British Empire Building; the National Film Board is located in the R.K.O. building; the travel bureau is located in the French building; the Department of Trade and Commerce has show rooms in the R.C.A. building; the Quebec government offices are in the Associated Press building; Nova Scotia has offices on Park Avenue. Whenever a delegation goes down to the United Nations general assembly, they try to get offices in some hotel; and it seems to me that the time has come to centralize these government activities in a place such as Canada House. I think the Hon. Ray Lawson certainly deserves a great deal of credit as the originator of this idea.

I might mention various societies such as the Canadian Club which has no permanent home; the Women's Canadian Club rent rooms in a hotel; the Canadian Legion is looking for space for ex-service men and women of the services and their wives when on trips to New York; the transport agencies are distributed around the city so that you need a guide to find them; and it seems to me that even the newspapers might establish a newspaper common room in the new Canada House where the different reporters can meet and talk about Canadian activities and the government would derive benefit from that. There should be space in the new Canada House for the establishment of a Canadian Press Club, because the United States is our best customery and Canada is a major market for United States products.

Canada has come of age, Mr. Leger, and steps should be taken to bring this to the attention of the Americans.

Mr. STICK: I have only one question. What is the total value of our property abroad?

The CHAIRMAN: With your consent we will carry on tomorrow morning with the same item. I thank the deputy minister for the evidence he has given to the committee. He has acquitted himself well.

The committee now stands adjourned until tomorrow morning at 11.00 o'clock in room 497 when we will carry on with this item 95.

EVIDENCE

JUNE 3, 1955.

The CHAIRMAN: Order gentlemen.

We have again with us this morning Mr. Leger, Under-secretary of State for External Affairs and I think he is anxious to start his evidence by answering some questions which were asked yesterday before we carried on with item 95.

Mr. Jules Leger, Under-secretary of State, Department of External Affairs, called.

The WITNESS: Mr. Chairman, we can answer some of the questions which were asked yesterday. One was asked by Mr. Macnaughton with regard to the Canada House Project in New York. The other was asked by General Pearkes of the minister when the minister was last here; and Mr. Stick asked a question yesterday, I think, about the total cost of government properties abroad. If I may, I will begin by answering those three questions.

First of all, with regard to the Canada House Project in New York. Canada House in New York is a private venture and no public funds have been spent in this connection. The sponsors of the building have approached the government, however, and have proposed that all government agencies with offices in New York should rent accommodation in the new building. Leases for 25 years have been suggested. The owners will decide whether to renovate the existing building, or whether to demolish the structure and build a new one—their decision will depend partly on the demand for space in the premises. If the first alternative is chosen the building will be ready for occupancy in September of 1956; if a new building is constructed the expected date for occupancy is December of the same year.

The sponsors of the building have been told that government departments will be glad to consider the question of having space in Canada House at rates competitive with those prevailing in comparable buildings. The Department of External Affairs in addition to considering its own present and future requirements is ascertaining the needs and requirements of other departments, both those represented in New York at the present time and any which may have plans to be represented there in the future. When those requirements have been established there will be discussions with the building company to see how well the needs of the various departments can be met and at what rates. We think it would be desirable to have all Canadian Government offices together in one convenient location in New York. With the security of tenure offered by a long lease it should be possible, we think, to design and arrange accommodation in such a way that the special needs of each department would be met. We are actively pursuing the matter in the belief that satisfactory arrangements can be arrived at.

General Pearkes asked a question of the minister about the Planning Board for Ocean Shipping. In the spring of 1950, a Planning Board for Ocean Shipping was set up by the NATO Council and charged with the task of working out plans to insure the most efficient use of available shipping resources in time of emergency.

The most important principle on which the Planning Board has agreed is that in order to diminish the effects of a shortage of sea transport at the outbreak of war the great bulk of ocean-going merchant ships under the flags of NATO countries would be pooled and, for allocation purposes, put at the disposal of an inter-allied body to be called the Defence Shipping Authority. This Authority will be responsible for the allocation of ocean-going shipping throughout the whole area controlled by and friendly towards the member governments of NATO, its allies and partners.

The Board has agreed on the general lines of the organization of the proposed Authority. It will consist of a Defence Shipping Council and a Defence Shipping Executive Board (DSEB). The main duty of the Defence Shipping Council will be to formulate general shipping policy in accordance with overall strategy. The Executive Board will administer the central pool and for the purpose of day-to-day operation will have two branches, one in Washington and one in London, each with subordinate committees.

The Board has agreed on the arrangements for the setting up of the two branches, and has decided that the initial steps to bring the branches into being should be taken early enough to ensure that the Executive Board is fully operative at the outbreak of war, or as soon as possible after it. To this end, steps have been taken for assembling the key personnel, including national shipping representatives, of member countries.

With regard to the third question which was asked, Mr. Chairman, I would like to ask Mr. Macdonnell to deal with it. He has figures available in reply to Mr. Stick's inquiry yesterday.

Mr. R. M. MACDONNELL (*Assistant Under-Secretary*): Mr. Stick asked for the total of the cost of properties abroad, as I understood the question; and for the acquisition of properties abroad, including alterations and renovations, the total to the present is \$4,944,776.06—roughly \$5 million. We have additional figures with regard to the cost of furnishings and equipment and so on if the committee wishes to have them.

Mr. STICK: What I wanted was the value of our real estate abroad. That seems to be a small figure.

Mr. MACDONNELL: That figure is the cost price.

Mr. STICK: Of the buildings we own?

Mr. MACDONNELL: Of the buildings and land we own.

Mr. STICK: It seems to be a small figure.

Mr. MACDONNELL: Some of these buildings were purchased a good many years ago—for example, Canada House in London and the Embassy building in Washington were purchased in the 'twenties; and our Embassy in Tokyo in the 'thirties when prices would be a good deal lower.

Mr. STICK: The value of our real estate—\$5 million—has probably doubled as far as the buildings are concerned.

Mr. MACDONNELL: I should think it has more than doubled.

Mr. STICK: I think that if Canada House was sold we would be well in profit.

Mr. MACDONNELL: Very much so.

The CHAIRMAN: Now gentlemen, when we adjourned yesterday we were on item 95—Representation Abroad—Construction, Acquisition or Improvement of Buildings, Works Land, New Equipment and Furnishings and so on. Are there any further questions on item 95?

By Mr. Low:

Q. I would like to refer to Blocked Funds Projects for a moment if I may. I note it is anticipated that we shall spend \$594,000 of this fund this year. What will be the balance of the Blocked Funds available after this year's appropriation has been spent?—A. In French francs the balance this year is \$284,145. However, there is the equivalent of \$3,035,580 United States dollars still to come. Italian lire \$657,128.07—

Q. United States dollars?—A. Canadian dollars. Japanese yen, \$3,221 for this year and an equivalent of \$16,800 still to come. I may add here, however, that most of the Japanese yen we hold come to us through IARA and once in a while IARA pays a dividend. In Dutch guilders we have the equivalent of \$382,077.13. In addition we have small holdings of Spanish pesetas and Yugoslav dinars but they do not amount to \$500.

Q. I see. How do you arrive at the allocation from these funds for expenditure in any year? Is it by negotiation with the governments of the countries you have mentioned?—A. Yes Mr. Chairman, during negotiations leading to the settlement of these debts the French government, for example, agreed to a total amount to be paid off over a certain number of years.

Q. I see. There is a stipulated amount which you can spend in each year, but which need not be spent?—A. That is so.

Q. And among these various projects which are outlined I notice Paris is to have an estimated expenditure of \$240,000 relating to the cost of construction of offices. Will that complete the work this year or is it just progress expenditure?—A. With regard to the chancery in Paris, Mr. Chairman, that represent just progress. As I pointed out yesterday we are spending this year \$240,000 out of a total of \$585,000 which the chancery will cost us when it is finished.

In the Hague we are confronted with a similar situation where the project will cost us some \$285,000 and an estimated expenditure of \$142,000 this year.

MR. BELL: May I ask a question with regard to these blocked funds? I think I remember reading somewhere that the American politicians used these Blocked Funds to help pay for their "jnukets" and trips in foreign countries. I must say I was wondering about that—I suppose we do not have the large sums available in blocked currencies which the Americans have, but do we have trouble in trying to find outlets for the expenditure of these accounts?

THE WITNESS: No, Mr. Chairman, there is no difficulty. As you have suggested, Mr. Bell, the sums at our disposal are not as great as those which the United States has. We are using them partly for the purpose of purchasing office space and residences and also for operational expenditure for our mission abroad.

THE CHAIRMAN: May I tell you, Mr. Bell, that as far as these congressional trips are concerned we had a question brought up in this committee last year on the matter and for your information I wish to refer you to the last number of our printed evidence last year. We had printed as an appendix an article from the American Foreign Affairs Journal describing these trips and stating that they were highly useful to the country. But that is as far as it has gone.

By Mr. Cardin:

Q. In answering Mr. Low's question, the witness referred to Blocked Funds and used the words "still to come". What did he mean by that?—

A. I might not have answered the question as clearly as I should. In our

understanding with the French Government it was agreed on a total sum to be paid by yearly instalments.

Mr. Low: These are really balances to come from the various countries.

By Mr. Stick:

Q. You have a surplus of Dutch guilders. If you cannot use that in Holland is there any possibility of transferring the guilders into francs or lire as the case might be?—A. No, Mr. Chairman.

Q. There is no free exchange between guilders and francs?—A. No, the understanding is that those monies are to be spent in the countries of origin and not to be converted.

M. Low: I do not want to pass beyond the question of blocked funds if there are other questions which members may wish to ask on this.

The CHAIRMAN: Are there any other questions on that subject?

By Mr. Patterson:

Q. In the event of the certain amount which is set aside each year not being spent, it could be used subsequently in any year you wished?—A. Yes, that is permitted.

Q. They deposit it in our bank account in those countries?—A. Yes. I am informed that the French Government deposits in francs the equivalent of \$500,000 Canadian dollars every six months.

Q. It will not take many years to finish the payment at that rate.—A. Within two or three years it will be completely terminated.

By Mr. Stick:

Q. What was the total amount of blocked funds we had originally?—A. My recollection is that in the case of France it amounted to \$13 million, but I think it would be better if we got those figures for the next meeting; they would include not only the figures with regard to France but those for lire and Dutch guilders.

By Mr. Low:

Q. Are those the only countries in which we have blocked funds?—A. France, Italy, Japan and the Netherlands—in the other countries the amounts are so small that they are of little consequences.

Q. With regard to the furnishings of residences, Mr. Leger—you mentioned, I believe, a contemplated amount of \$10,000 to be spend on Canadian painting. How many of the posts are scheduled to receive \$10,000 worth of paintings?—A. Mr. Chairman this is the total amount for the year. We hope to be able to buy Canadian paintings to the amount of \$10,000. As Mr. Low is aware, good Canadian painting are becoming rather expensive; the average price of a good Canadian painting now is over \$500. Therefore, within our budget of \$10,000 we cannot even buy 20 paintings in any given year although all our missions need more, and we do think this is one form of art in which we do qualify, and one form of art in which the foreigners who visit our missions are very interested.

Q. For all our posts?—A. For all our posts. We think all our posts should have examples of our good Canadian paintings. However, we do not want to go any faster than is desirable. This year we may be able to buy 12 or 15, but it will not be more than \$10,000 worth in any event.

Q. What is the general nature of the paintings you buy—are they paintings which depict typical Canadian scenes?—A. Most of the paintings we have bought up to date are Canadian landscapes.

Q. You mentioned, Mr. Leger, that you cooperate with the National Gallery. Are they commissioned by you as agents to buy these paintings?—A. We had an understanding with Mr. McCurry and I hope we will come to the same understanding with Mr. Jarvis whereby when there is a painting for sale which he thinks is satisfactory for our purpose he will suggest it to us; and if anyone in the department—there are two or three people who know something about it—see a painting in any gallery throughout the country which appears suitable we submit it to the director of the gallery to make a recommendation to us with regard to price and quality. We do not buy any painting without his view on it as regards price and quality.

Mr. HERRIDGE: With regard to this item "motor vehicles". How long is a motor vehicle used on an average before it is turned in?

The WITNESS: I think it depends a great deal on the country in which it is used. There are certain countries where roads are rather rough. There are other countries where spare parts are difficult to obtain. Of course, there are other countries where the resale value of a used car is greater than it is elsewhere. I would think the average would be 4 years—three or four years for our cars.

Mr. Low: I should think that Ottawa would stand very high on the list as far as rough roads are concerned. While we are on that particular question, do you make a practice of buying Canadian cars exclusively for your foreign missions or do you buy some cars in the country?

The WITNESS: I think Mr. Macdonnell will answer that question.

The CHAIRMAN: Does Mr. Low mean "Canadian cars" in the sense that they are Canadian made or are made by companies incorporated here and selling cars made in America?

Mr. Low: My question was: do you buy the cars in Canada and ship them over?

Mr. MACDONNELL: The bulk of our vehicles are Canadian manufactured vehicles. Occasionally the Canadian companies will not be able to supply the type of vehicle needed for a particular country in which we are working and a delivery will sometimes be made through their United States affiliates, but most of our cars are sedans and station wagons purchased from the Canadian manufacturer.

Mr. Low: I was wondering whether you turn in the Canadian cars as used cars when you get a replacement. What happens there? Do the second-hand cars remain in the country? I am speaking of foreign countries such as France and Italy.

Mr. MACDONNELL: Yes, Mr. Chairman, it usually happens in countries where there is a high resale price for Canadian cars. It is because the inhabitants of such countries find great difficulty, usually because of exchange restrictions, in buying foreign cars.

Mr. Low: So there is a good market for them?

Mr. MACDONNELL: An excellent market. I can illustrate that by an experience of my own some years ago. When I was in a country where those conditions prevail we sold a Ford sedan to a resident of the country to use for his own purposes. From the proceeds, the government was able to supply a Buick sedan and a Chevrolet station wagon, which is not a bad bargain.

Mr. Low: Not bad. To follow up that question—are these automobiles which are shipped from Canada to a country such as France dutiable?

Mr. MACDONNELL: They are not dutiable when brought in as government property. The laws vary a great deal from country to country as to how long cars must stay in the country before they can be sold. They may have to be

sold with duty and taxes payable in addition to the purchase price—the situation varies a great deal—but we have found that purchasers can be discovered who are willing to pay a substantial price for the car and, in some cases, duties and taxes as well.

Mr. Low: You do not have to pay 10 per cent excise tax on them?

Mr. MACDONNELL: No. They are tax free leaving Canada.

The CHAIRMAN: If I did not fear to give a bad example to members, I would be inclined to tell you of personal experience. A few years ago when travelling in Greece, I hired a car with a chauffeur for a few days and subsequently discovered that this car had belonged to our own former ambassador. It had been sold at a very good price as far as we were concerned, but to the man who bought it it represented a considerable advantage because used cars were hard to find and the purchase of new cars was controlled. As I say, we had been paid a high price for this used car but it had also been a good transaction for the buyer.

Mr. Low: I can see a lot of advantages, of course.

What kind of cars do you usually buy? Do you have an "across the board" arrangement so that you would have a fair representation of each make, or do you specialize in certain types?

Mr. MACDONNELL: We buy from various manufacturers. We have bought from General Motors, we have bought Chryslers, and we bought a number of smaller cars which I think have been supplied by all manufacturers.

Mr. CARDIN: Are those cars bought by tender or privately?

Mr. MACDONNELL: The prices are well established and tenders are not required.

Mr. BELL: I wonder if I could ask, for our general information, about the building of missions abroad? What yardstick is used in deciding what sort of a building we should have; whether it should have three stories or four, and so on. I am not suggesting that our offices or buildings are at all too expensive. It is a relative idea, anyway. But how do you decide on the size and type of the structure you are going to build? Do we have any idea what the other countries are spending in their approach to this matter?

Mr. Low: "Keeping up with the Joneses!"

Mr. BELL: That is what I mean. I think we all want Canada to make a good showing but I am not sure how we reach conclusions upon these matters.

The WITNESS: The first comment I would like to make on that is that we have arrived rather late in that game, and it is very difficult to compare a Canadian establishment in a capital such as Paris or Brussels with that of Switzerland, Sweden, Holland or other countries who have had diplomatic representation for centuries. A comparison is difficult to make, therefore, because of the time factor.

The second point is that conditions in many countries were difficult at the time we opened missions. I would think that more than half of our diplomatic missions were opened either during or immediately after the war when conditions were very unsettled. Let us take the example of our mission in Paris with which some members of the committee may be familiar: we had rented premises before the war; we lost them during the war, and then there was the episode of Algiers. When our ambassador arrived in France after the liberation he had no place in which to live and it was very difficult to find suitable accommodation. I think we can say that what was then found was unsatisfactory, and from 1946 to 1950 we looked around for alternative arrangement and it was only in 1950 that the government decided—using blocked funds—to buy the residence in which the ambassador now lives. There

was a special condition attached to the lease then whereby we could not take hold of the house until the owner died. He was 82 years of age but in good health, so we had to wait another two years; and then it took another year and a half or so to put the residence in condition. It was not until December of last year that at last our ambassador was able to move in. That is only one example of the kind of difficulties we have been facing.

We must always bear in mind that we have none of those historic establishments which most countries possess who have maintained diplomatic relations for a very much longer period than ourselves. A recent example occurs to me with regard to our accommodation in Rio. As the committee is aware we have very important investments in Rio and the Canadian ambassador there has to see that those investments are protected. One of the tools used for carrying out this work—it amounts really to that—is that he should be in a position to receive and entertain those Brazilians who are interested in Canadian-Brazilian matters. We opened our mission in Rio in 1941 and it is only two months ago that we were able to find a house that we think is satisfactory. From 1941 to 1954, therefore, our heads of mission have lived in rented premises. One of them was quite satisfactory—for sometimes. It was 150 years old. I remember passing through sometimes after we had rented it. I stayed there, and I actually slept in a room where they had to put buckets for water all round the bed in case it rained. The roof was leaking in more places than one. As I say, conditions in many countries abroad are extremely difficult. We may have made mistakes but now, I think, we have an organization which can cope with this problem. Conditions are becoming easier in most capitals and slowly but progressively we intend to buy suitable property wherever it is possible. From the departmental point of view we really have no idea of “keeping up with the Jones’”; we want to find decent accommodation where the Canadian ambassador can live and, if he has a family, creates the atmosphere of a home where he can receive those people whom it is in the interest of Canada that he should receive.

Mr. Low: Do we own Canada House in London?

The WITNESS: Yes, Mr. Chairman but it is really under the control of the Department of Public Works.

Mr. BELL: I think we could say that Canadian institutions abroad compare favourably with those of other countries of similar size and position to ourselves—or that they compare favourably, at least, on a pro rata basis to those of other countries.

The CHAIRMAN: We will let the deputy minister answer in regard to that.

The WITNESS: I think, Mr. Chairman, that with the means placed at the disposal of our heads of missions abroad, speaking from my limited experience, we are doing a good job. We in the department have naturally gone through a period of such terrific expansion since the war that it is difficult for us to say that we have established certain norms on which we work. This, I think, is the first year since 1940 or thereabouts when we have come to the committee and said “we are not opening any new missions this year.” Now I only hope the time has come when we can consolidate somewhat and establish some standards.

Mr. Low: You could say that this has been a period of development of standards. Perhaps the next phase will be the application of those standards to the whole of our foreign missions abroad?

The WITNESS: I would agree with that, Mr. Chairman.

By Mr. Patterson:

Q. Yesterday you referred to the construction of office buildings in Paris and in The Hague. What would be the relative cost of construction? I was just trying to visualize what kind of buildings these would be.—A. I would like to point out that these are chanceries and not residences and therefore that they will house most of the Canadian officials in those capitals. In Paris and The Hague the Department of Trade and Commerce and the Service Attachés will be housed in these chanceries. I suppose it is the floor space in which you will be interested?

Q. Yes, just in order that I may have an idea how the building and the cost of construction compare with buildings erected here for a comparable price.—A. We will get that information in time for the next meeting.

Mr. HERRIDGE: Are other departments charged rental for space in these buildings provided by the Department of External Affairs?

Mr. MACDONNELL: Mr. Chairman when a building is owned by the Canadian government no rental is charged to other departments. Where rented accommodation is shared, there is an arrangement with the other departments to pay a pro rata amount in respect of that accommodation.

The CHAIRMAN: Are there any further questions on item 95, gentlemen?

Is the item carried?

Carried, with the proviso that the answers called for will be produced or put on the record as an appendix at a later date.

Item 96—"To provide for Official Hospitality—\$30,000"

The CHAIRMAN: Are there any questions on this item, gentlemen?

Mr. HERRIDGE: That covers official hospitality in respect of all missions?

The WITNESS: No. This is in respect of Ottawa, or, I may say, of Canada because once in a while the government may wish to offer official hospitality in a city other than the Capital.

The CHAIRMAN: Is that carried?

Carried.

Item 97:

97—To provide for relief and repatriation of distressed Canadian citizens abroad and their dependents and for the reimbursement of the United Kingdom for relief expenditures incurred by its Diplomatic and Consular Posts on Canadian account (part recoverable)—\$15,000.

By Mr. Low:

Q. Did we discover any Canadians in Indo China who were in distress and who had to be succoured by the department under a vote such as this?—

A. Mr. Chairman, I know there were some Canadians in Indo China before the Commissions were established but it would not be the role of Canadians on international missions officially to provide relief and repatriation. In this field they are not a diplomatic mission. If there was a case of distress which came to their attention I would think they would bring that case to the notice of the British representative on the spot who would deal with the matter, and we in turn would refund the British authorities. That is the arrangement we have in countries where we are not represented by a diplomatic mission.

Q. Refunded out of this vote?—A. I am told there have been no such cases. But if such cases did arise, that would be the procedure.

By Mr. Stick:

Q. The same procedure would apply in the case of Canadians coming out of China?—A. Yes.

The CHAIRMAN: Are there any further questions on this item?
Carried.

Item 98—"Canadian Representation at International Conferences—\$200,000".

The CHAIRMAN: Is that carried?

Mr. Low: How many conferences were held during 1954 in respect to which expenses were charged to this account?

The WITNESS: The main ones, Mr. Chairman, were: GATT, ECOSOC, NATO, which occurred once or twice, the meetings of the United Nations general assembly with which some members of the committee are familiar; the Conference of UNESCO which was held in Uruguay, the conference of ICAO; the Columbia Plan Conference, the Korean Peace Conference, the Geneva Conference and the Conference of PICCME.

The CHAIRMAN: Shall the item carry?

Mr. BELL: This is a difficult item to budget for due to the fact that there might be quite a few conferences called unexpectedly during the year—conferences which would not be foreseen. I understand that last year, when there was a heavy drain on the fund, there was insufficient money provided, and you are going to keep on over-budgeting until that balance is made up?

The WITNESS: I do not think that is the understanding. I think we ran into difficulty because we usually had a vote of \$225,000 for the conferences until, last year, we reduced it by \$50,000 to \$175,000. Later we realized that we just did not have enough money to cover the conferences for which we had to provide, so we are now asking for a supplementary sum of \$25,000 since we have the impression that that is closer to the actual expenditure in any given year.

Mr. Low: Is a careful check kept on the use of telephones in connection with these conferences? I note that the bill in respect of telephone and telegraph services runs rather high in the whole departmental vote. Is a careful check made, or is there an inclination among employees to rush to the telephone when air mail would serve the purpose as well?

The WITNESS: The other day I was in the minister's office when he was asked to take a telephone call from one of our posts abroad; he said he would not take it because the call was too expensive; it should be dealt with, he said, by telegram.

Mr. PATTERSON: We will award him a leather medal for that.

The WITNESS: Generally we check all our telephone and telegraph bills. We do let our missions know that only urgent matters should be brought to our attention by telegraph and as far as the use of the telephone is concerned we have an understanding that it should not be used for the discussions of secret matters on calls which start from a non-Canadian point to a Canadian point, and while the bills are high I think that it is just because of the type of work in which we are engaged, and that we are doing our best to keep it at a minimum.

By Mr. Bell:

Q. Could you tell me how we decide the number of people who should be sent to these conferences—I do not mean, in particular, the permanent ones, but the ones that come up from time to time. How do we decide on the number of representatives who should be sent? Would the number be specified in the invitations or would we have to determine how many would be necessary?—A. That depends a great deal on the nature of the conference. I think there is a well established pattern now about the type of representation at

the United National General Assemblies—there are five delegates, five alternates and a certain number of advisors whom we in the department keep to a minimum, and then there are the parliamentary observers. There are many types of international conference where the pattern has been set on these lines. I do not wish to go into detail with regard to international conferences more directly connected with departments other than our own but I can say that so far as our department is concerned we try to keep to a minimum the number of advisors sent to the conferences—with regard to the ad hoc type of conference such as the Geneva conference last year, it is a very difficult thing to know what is required. In such cases the advance party consists of a few people and at a later stage if more people are required, they are sent and the delegation is brought up to strength.

Q. Do we try to ascertain how many delegates may be attending a conference from some other country? It must be extremely difficult to know how many people to send unless the number of delegates has been suggested in advance.—A. The agenda is very helpful in such cases. When the agenda gives the impression that there are three or four subjects which may be discussed concurrently in committee and when Canadian interests are such that we should be represented on each committee or subcommittee, then we know more or less in advance the type of experts and the number of experts we would wish to send.

Mr. STICK: Does it not often happen though that the agenda is not settled until the conference meets.

The WITNESS: In many cases that is true, but while it may look as though the agenda had not been settled prior to the conference, many governments have a clue beforehand as to what the agenda in its final form will look like.

By Mr. Herridge:

Q. Who recommends the people sent as parliamentary observers?—A. That is a decision taken in the minister's office. He would I am sure be willing to discuss that problem.

Q. You are not aware of the procedure?

The CHAIRMAN: I think we shall leave that for the minister to answer. Put your question on ice and don't let it melt.

Are there any further questions?

Carried.

Item 99 "Grant to the United Nations Association in Canada, \$11,000".

The CHAIRMAN: Shall that item carry?

Carried.

Item 100 "Grant to the International Committee of the Red Cross, \$15,000".

Carried.

Item 101 To authorize and provide for the payment from foreign currencies owned by Canada and available only for governmental or other limited purposes, in France, The Netherlands and Italy, of fellowships and scholarships and travelling expenses to enable Canadians to study in those countries, and for payment to the Royal Society of Canada of amounts not to exceed \$10,000 in all to meet travelling and other administrative costs incurred by the Society for those it may designate to act on its behalf in selecting persons to receive fellowships and scholarships, \$125,000.

The CHAIRMAN: Shall the item carry?

Carried.

Item 102 To provide for the Canadian Government's Assessment for Membership in International and Commonwealth Organizations, as detailed in the Estimates, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1955, which is \$2,917,975.

The CHAIRMAN: Shall that carry?

Carried.

The CHAIRMAN: Item 103 has already been carried at the meeting when Mr. Keenleyside was here.

Item 104 Contribution to the United Nations Children's Fund, \$500,000.

Carried.

Item 105 To provide, subject to the approval of the Governor General in Council and notwithstanding anything to the contrary in the Civil Service Act, for special administrative expenses, including payment of remuneration, in connection with the assignment by the Canadian Government of Canadians to the international staff of the North Atlantic Treaty Organization (part recoverable from the North Atlantic Treaty Organization) \$34,383.

Mr. BELL: There is a very pleasant decrease here and I think it has something to do with the staff. Would you mind explaining how you are able to reduce the expenditure on this item while maintaining the efficiency of the operation?

The WITNESS: Mr. Chairman, this is really related to the staff of the secretariat of the North Atlantic Treaty Organization in Paris. It does not affect the staff of the Canadian Permanent Delegation to NATO in Paris, so any decrease there does not represent a decrease in our own strength at all.

Mr. Low: How many Canadians are on the staff?

The WITNESS: At present Mr. Chairman there are three on the staff—Mr. Brunet, Mr. Gallant, and Mr. Woodley. As the committee is aware, only recently Mr. Farquharsan was also on that staff and I think at that time he was the senior Canadian officer on the secretariat of the North Atlantic Treaty Organization. He has now been attached to our embassy in Washington as Information Officer.

The CHAIRMAN: Shall this item carry?

Carried.

Item 106 To provide the International Civil Organization with office accommodation at less than commercial rates, \$201,872.

The CHAIRMAN: Is that carried?

Carried.

Items 107 and 108 dealing with the International Joint Commission, have already been carried.

With reference to item 109—Estimated Expenditure in Connection with the Colombo Plan—we propose to have with us on Tuesday morning of next week Mr. Cavell, the Director, so I think we should let it stand unless somebody has a question he wants to ask of the deputy minister—since there is mention of it here in the brief. As to the vote itself I suggest that Mr. Cavell,

who has been with us on these occasions for the past two years, would be in the best position to answer questions.

Mr. STICK: We could carry the item with the proviso that further questions might be asked.

The CHAIRMAN: I doubt whether that would be satisfactory to all members: I suggest you let it stand until Tuesday morning.

Mr. STICK: Very well.

Item 110 To provide for the Canadian Government's Assessment for Membership in the Inter-Governmental Committee for European Migration in an amount of \$172,408 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1955, which is, \$166,482.

Mr. PATTERSON: Would Mr. Leger please give an explanation of that item? I am rather in the dark with regard to it.

The WITNESS: This is one of the votes which appears in the estimates of our department but which is closer to the Department of Citizenship and Immigration. That department would be more aware than we are of the contents, but I could give you the following general lines.

This organization came into being in December 1951, as the Provisional Inter-Governmental Committee for the Movement of Migrants from Europe. The emphasis has been on the movement of migrants other than those considered to be refugees.

The present scope and duration of ICEM is on an annual basis, and will be reviewed towards the end of 1955.

The Budget for ICEM is made up of three parts, a contributing budget financed by assessment of member states, an operating fund financed by negotiation, and reimbursements from governments for services rendered to them by the Organization. The department estimates only for Canada's share of the contributing budget.

By Mr. Low:

Q. Is it contemplated that this will be a permanent thing, Mr. Leger?—
A. I would doubt it, Mr. Chairman. However I must say that the movement of refugees in Europe is on such a scale and the political situation is such that it is very difficult to foresee the day when the problem of refugees will be completely solved; but it is certainly diminishing and it would seem to me that this organization is making good progress toward bringing the problem to an end. I could not say, however, how long it will still take.

Q. I recall when this was first set up we began to provide this vote and I think the estimate was that it might take seven or eight years to complete this work, and I was wondering whether at this stage you might have in mind an idea of how long it will be necessary for this to continue?

I merely pass that as comment, Mr. Chairman and perhaps at the end of this year when we review the work which has been accomplished by the organization we shall have an opportunity of going into the report and getting some idea of how long the contributions may have to be continued.—A. In the meantime, Mr. Chairman, if we can add anything to this statement I shall be glad to do so by the next time we meet.

Mr. CARDIN: Does this committee and its work relate to the United Nations?

The WITNESS: This is separate, Mr. Chairman.

The CHAIRMAN: Shall the item carry?

Carried.

The CHAIRMAN: That, except for item 109, which stands, concludes our work.

Mr. BELL: May I ask one question which does not fall under any item, Mr. Chairman? It will only take a minute; it is in connection with the fire in Sheppards Hotel in Cairo when Mr. Boyer was unfortunately killed. Did we receive any reparations or damages in respect of that, and if so, how much?

The WITNESS: Mr. Macdonnell will answer that question.

Mr. MACDONNELL: Mr. Chairman, there were rather protracted discussions between the Canadian government and the government of Egypt, but eventually Egypt made a payment in settlement of this claim. That was done over a year ago now, and we do not have the actual figure with us.

Mr. BELL: That is all right. I just wondered if this matter had been carried through.

Mr. MACDONNELL: Yes, it has been settled.

The CHAIRMAN: Now gentlemen I thank you very much for your attendance and I am sure members will agree with me that a vote of thanks to Mr. Leger and to Mr. Macdonnell is in order. I am sure you will agree that Mr. Leger's cooperation has been most valuable and enlightening and that the way in which his evidence was given has shown that he has a wonderful grasp of the administration of his department. Now gentlemen, with your permission we will adjourn until Tuesday, when Mr. Cavell will be available either in the morning or in the afternoon. Would you prefer to meet in the morning or in the afternoon?

Some Hon MEMBERS: In the morning.

Mr. Low: Mr. Chairman, could we also remember the reporters who have been carrying out difficult work under heavy pressure?

The CHAIRMAN: Thank you for reminding me of it, Mr. Low. Last year I sent a letter to Mr. Speaker with regard to the reporters and the secretary of the committee and the head of the reporting branch thanked the committee for their letter of appreciation. The reporters have worked under hardship most of the time; at times one reporter has had to take the full meeting, so I think it is quite right you should mention them and I shall not fail to mention it to Mr. Speaker in a letter.

The only point remaining now is that there may be some answers to be given to questions which have been asked and I think the best way in which we could deal with this problem is through an appendix to the minutes of this meeting.

On Tuesday morning we shall be hearing from Mr. Cavell and perhaps on Tuesday afternoon we might get together to consider the report which we must make to the House. If anybody has any suggestions as to items which he would wish to be included in the report I would be highly delighted if he would communicate with me. Each year we have included some items in our report to the liking of one member or another, so I would be happy to include such items again in the first draft for submission to the committee when they are considering the report.

Thank you very much gentlemen, we shall meet again on Tuesday morning at 11 o'clock.

HOUSE OF COMMONS

Second Session—Twenty-second Parliament,

1955

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: L. PHILIPPE PICARD, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 18

TUESDAY, JUNE 7, 1955

ITEM 109—Colombo Plan—Main Estimates of the Department of
External Affairs (1955-56)

WITNESS:

Mr. R. G. Nik Cavell, Administrator, International Economic and Technical
Cooperation Division, Department of Trade and Commerce.

APPENDICES

1. Allocations, commitments, etc., Colombo Plan.
2. Contributions, Payments by participating countries to July 31, 1954.
3. Amount of contributions by Canada, Australia, New Zealand, United Kingdom and the United States to January 1955.

INCLUDING THIRD REPORT TO HOUSE

and

List of witnesses before the Committee

List of appendices printed.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE
ON
EXTERNAL AFFAIRS

Chairman: L. Philippe Picard, Esq.,
and Messieurs

Aitken (Miss)	Diefenbaker	MacKenzie
Balcer	Fleming	Macnaughton
Bell	Garland	McMillan
Boisvert	Gauthier (<i>Lac St. Jean</i>)	Patterson
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Cannon	James	Starr
Cardin	Jutras	Stick
Coldwell	Knowles	Stuart (<i>Charlotte</i>)
Crestohl	Low	Studer—35.
Croll	Lusby	
Decore	MacEachen	

Antonio Plouffe,
Clerk of the Committee.

REPORT TO THE HOUSE

WEDNESDAY, June 8, 1955.

The Standing Committee on External Affairs begs leave to present the following as its

THIRD REPORT

On Thursday, April 21, 1955, the House referred to your Committee for consideration votes Nos. 92 to 111 inclusive of the Main Estimates 1955-56.

Your Committee, after holding twenty meetings, from March 1 to May 19, to consider and report on Bill 3, An Act respecting the construction, operation and maintenance of International River Improvements, referred to the Committee on February 24, 1955, and reported to the House on May 20, 1955, held nine meetings from May 24 to June 7 during which it gave consideration to the Estimates of the Department of External Affairs, pursuant to the above mentioned reference.

Three of these meetings were devoted to the statements and evidence of the Secretary of State for External Affairs, the Honourable L. B. Pearson.

On departmental administration, your Committee heard Mr. Jules Léger, Under Secretary for External Affairs and Mr. R. M. Macdonnell, Assistant Under Secretary, while Messrs. S. D. Hemsley, Head of Finance Division and H. J. Armstrong, of Finance Division, were in attendance.

On Vote 103—Contribution to the United Nations Expanded Program for Technical Assistance to under-developed countries, your Committee heard Dr. H. L. Keenleyside, Director General of the United Nations Technical Assistance Administration, New York.

On Votes 107-108—International Joint Commission—Your Committee heard General A. G. L. McNaughton, Chairman, Canadian Section of the International Joint Commission, while Miss E. M. Sutherland, Secretary and Mr. David G. Chance, Assistant Secretary, Mr. J. L. MacCallum, Legal Adviser, and Mr. E. R. Peterson, Engineering Adviser, were in attendance.

On Vote 109—Colombo Plan—Your Committee heard Mr. R. G. Nik Cavell, Head of the International Economic and Technical Co-operation Division, Department of Trade and Commerce and Administrator of the Canadian participation in the Colombo Plan, while Messrs. R. W. Rosenthal, Assistant Administrator, and T. J. Hobart, Acting Chief Technical Assistance, were in attendance.

Your Committee having carefully considered the items of the Main Estimates referred to it, relating to the Department of External Affairs, approves them and recommends them to the House for approval.

Your Committee wishes to express its appreciation to the Canadian personnel of the Armistice Commission in Indo China for the spirit in which they have accepted a hard and strenuous task and for the work they perform to implement the role entrusted to Canada by the Geneva Conference for the maintenance of peace in that part of the world.

Your Committee was favourably impressed by the work performed to date by the Chairman members and officials of the Canadian Section of the International Joint Commission concerning the elaboration of projects for the overall

development and maximum use of hydro-electric power to be derived from the Columbia River basin and the possible use of the Kootenay and Fraser rivers in relation thereto.

Your Committee also approves of the stand taken by the Chairman of the Canadian Section of the International Joint Commission for the protection of Canadian interests, in its dealings with the members of the United States section of the Commission.

Your Committee is of the opinion that the amounts voted for the Colombo Plan Fund and for the United Nations Expanded Program for Technical Assistance to under-developed countries serve Canada in furthering the growth of democracy in the countries to which help is given and in promoting better relations between our country and Asia.

A copy of the Minutes of Proceedings and Evidence is appended.
All of which is respectfully submitted.

L. PHILIPPE PICARD,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, June 7, 1955.
(28)

The Standing Committee on External Affairs met at 11.00 o'clock a.m. The Chairman, Mr. L. Philippe Picard, presided.

Members present: Miss Aitken, and Messrs. Bell, Boisvert, Cannon Fleming, Gauthier (*Lac-Saint-Jean*), Herridge, Jutras, Patterson, Pearkes, Picard, Stick, Stuart (*Charlotte*), and Studer.—(14).

In attendance: From the *International Economics and Technical Co-operation Division, Department of Trade and Commerce:* Mr. R. G. Nik Cavell, Administrator; Mr. R. W. Rosenthal, Assistant Administrator; and Mr. J. T. Hobart, Acting Chief, Technical Assistance.

The Committee concluded its study of the Main Estimates 1955-56 of the Department of External Affairs.

On Item 109—Colombo Plan.

Mr. Cavell was called. He read a statement outlining the scope of the Canadian operation of the Colombo Plan in which he underlined the progress accomplished, the nature of the capital projects and their nature and was examined thereon.

In the course of his statement, he referred to and tabled tables giving the allocations, commitments and expenditures as at January 31, 1955, as well as the technical assistance expenditures.

Ordered,—That the above tables be printed as an appendix.
(*See Appendix 1*).

The witness undertook to supply the Committee with information requested but not readily available.

Item 109 was adopted.

The Chairman thanked Mr. Cavell for the information given to the Committee.

Before adjournment, the Chairman read a letter from Honourable L. B. Pearson, dated June 7, 1955, forwarding information which was also read into the record, namely:

1. Appointment of Parliamentary Observers to the United Nations.
2. Canadian representation in Indo-China.
3. Appointment of Ambassador to Israel.

Two replies dealing with the following subjects were taken as read and incorporated in the record, namely:

1. Original settlements in block currencies abroad.
2. Building projects in Paris, The Hague, and Tokyo.

The Chairman also tabled a statement from Dr. H. L. Keenleyside in respect of contributing countries to Technical Assistance Programme as of July 31, 1954, requested at the meeting of May 27, and received by the Clerk of the Committee.

Ordered,—That the above statement be printed as an appendix.
(*See Appendix 2.*)

At 12.40 o'clock p.m., the Committee adjourned until 8.30 o'clock this evening to consider a draft Report to the House.

EVENING SITTING

TUESDAY, June 7, 1955.
(29)

The Standing Committee on External Affairs met in camera at 8.30 o'clock. Mr. L. Philippe Picard, Chairman, presided.

Members present: Miss Aitken, and Messrs. Boisvert, Cannon, Cardin, Crestohl, Herridge, Jutras, Lusby, MacEachen, Patterson, Pearkes, Picard, Richard (*Ottawa East*)—(14).

The Committee considered a draft report to the House which was approved.

On motion of Mr. Cardin:

Ordered,—That the Chairman present to the House the draft report as the Committee's Third Report.

Mr. Boisvert expressed on his behalf and on behalf of the members his appreciation for the manner with which Mr. Picard presided over the deliberations of the Committee.

At 9.15 o'clock p.m. the Committee adjourned to the call of the Chair.

Antonio Plouffe,
Clerk of the Committee.

EVIDENCE

JUNE 7, 1955.

The CHAIRMAN: Gentlemen, as you remember, we have only one more item left on our agenda—item 109 which deals with the Colombo Plan, and as in past years we are fortunate in having in Ottawa at this time Mr. Cavell who is Head of the International Economic and Technical Cooperation Division, Department of Trade and Commerce and administrator of the Canadian participation in the Colombo Plan. As I say, we are fortunate in having him with us today so that he may, first of all, give you an outline of the work which has been performed during the past year and then be available to answer any questions which members of the committee may wish to ask.

I understand that Mr. Cavell is assisted by Mr. R. W. Rosenthal, Assistant Administrator, and Mr. J. T. Hobart, Acting Chief of Technical Assistance. I will as usual ask members of the committee to refrain from asking questions while the brief is being read. Afterwards you will be at liberty to ask any questions you wish having to deal with this item.

Mr. Nik Cavell, Administrator, International Economic and Technical Cooperation Division, Department of Trade and Commerce, called.

At my last appearance before you I was able to report some general progress in our work in South East Asia and some improvement the various nations in that area were making towards bettering the lot of their people. This year I am very happy to be able to tell you that the improvement has been maintained. This progress is not due entirely to aid; it is a combination of several factors. On the whole, the annual rains have been better and there have been fewer crop failure areas and therefore less famine. The efforts of the various countries to help themselves, by organization of their village resources, and by infusing a real spirit of self-help into their peasants, is gaining momentum, and the various agencies in the aid field are gaining experience and above all are learning how to co-operate amongst themselves. The various underdeveloped nations in turn are learning how better to tie in their needs with the donor agencies and thereby how to make more effective use of the aid which is being given. In other words, gentlemen, we are all gaining experience. Whilst there are still difficulties, as always there must be in such a difficult field of operation, nevertheless many of the more acute problems of the first two years have been solved.

As you know, Mr. Chairman, our Canadian aid is divided into two parts—capital projects and technical assistance. I would like to deal first with capital assistance.

In all, we have inaugurated 38 projects and the following is a list of them. If there is anything the Committee would like to know about each or all of them, I shall be very happy to elaborate but I felt that to go into too much detail on each project in this presentation would take up too much of the

Committee's time. The following is, therefore, a mere outline which shows the scope of the Canadian operation:

CAPITAL PROJECTS NUMBERED CONSECUTIVELY IN ORDER OF
DATE OF AUTHORIZATION OF FINANCIAL ENCUMBRANCE

Canadian Project No.	Date of Financial Encumbrance	Project	Country
1	5/1/52	Wheat (\$10,000,000) for famine relief but to yield counterpart funds for Mayurakshi Power & Irrigation Project from which Govt. of India will defray local expense of dam and other civil work.	India
2	22/1/52	Thal Farm—Livestock Development & Research for benefit of Moslem refugee settlers.	Pakistan
3	30/6/52	Bombay State Transport Trucks & Equipment for clearing grain from docks in 1952 when famine conditions existed.	India
4	21/1/53	Railway Ties for rehabilitation of road beds. Project in conjunction with International Bank.	Pakistan
5	12/3/53	Cement Plant at Daud Khel for assistance of refugee settlement.	Pakistan
6	13/5/53	Mayurakshi Hydro-electric & Irrigation Project—electrical generation equipment for very poor area.	India
7	13/5/53	Wheat (\$5,000,000) to yield counterpart funds for Warsak Hydro-electric project.	Pakistan
8	1/6/53	Wheat (\$5,000,000) to yield additional counterpart funds for Mayurakshi (see (1) above).	India
9	6/7/53	Polytechnic Equipment to assist in training technical students.	Ceylon
10	14/7/53	Beaver Aircraft for Locust and general insect pest control.	Pakistan
11	5/8/53	Locomotive Boilers to assist railway rehabilitation programme.	India
12	14/9/53	Aerial Photographic Resources Survey (\$2,000,000).	Pakistan
13	18/11/53	Diesel Electric Locomotives (two)—Ceylon railway rehabilitation programme.	Ceylon
14	3/12/53	Portable Irrigation Sprinkler Units for use by peasants on high land where flow irrigation impossible. This has been a very successful project and has done a lot of good in a poor area.	Ceylon
15	16/12/53	Gal Oya Transmission Line to take power through settlement district.	Ceylon
16	11/1/54	Steam Locomotives & Tenders (120)—rehabilitation of India Railway Programme.	India

17	5/2/54	Pest Control Units—sprayers, etc. and 10½-ton Panel Trucks.	Ceylon
18	2/3/54	University of Ceylon—Agricultural Laboratory—Flour supplied for generation of rupee counterpart funds.	Ceylon
19	15/3/54	Umtru Hydro-electric Project, Assam, power for very poor area.	India
20	24/3/54	Commodities—Copper & Aluminum for the generation of rupee counterpart funds.	India
21	24/4/54	Agricultural Workshops Equipment for aid to poor peasants.	Ceylon
22	22/4/54	Warsak Hydro-Electric—North West Frontier—power for agricultural pumping and for local manufacturing and cottage industry—tribesmen settlement programme.	Pakistan
23	18/5/54	Ganges Kobadak—Thermal Electric Power Plant for agricultural irrigation and re-establishment of rice growing area.	Pakistan
24	27/5/54	Airport Equipment for Colombo Airport, now lit by oil flares! This is not considered safe for landing at night and having landed there myself at night I can subscribe to that opinion.	Ceylon
25	27/5/54	Colombo Port Equipment—cranes for new docks.	Ceylon
26	27/5/54	Agricultural Equipment.	Ceylon
27	2/6/54	Dacca Chittagong Electric High Tension Distributory Link.	Pakistan
28	3/6/54	Diesel Electric Locomotives (three).	Ceylon
29	3/6/54	Fisheries Development—Refrigeration Plant.	Ceylon
30	5/6/54	Flour for the generation of rupee counterpart funds for rural roads.	Ceylon
31	29/7/54	Tractor Training School Equipment.	Pakistan
32	3/8/54	Mobile Dispensaries.	Pakistan
33	24/8/54	Flour for the generation of rupee counterpart funds for Polytechnic Equipment and Building.	Ceylon
34	1/9/54	Railway Ties for rehabilitation of road beds.	Ceylon
35	1/12/54	Aerial Agricultural Survey (\$1,000,000) to assist in better land use.	Pakistan
36	27/12/54	Flour and counterpart funds for Fisheries Harbour.	Ceylon
37	28/1/55	Commodities—Copper & Aluminum for the generation of rupee counterpart funds.	Pakistan
38	14/3/55	Shadiwal Hydro-Electric Equipment to supply power to tube wells being used by F.A.O. in scheme to bring back into cultivation very large tracts of land ruined by saline conditions.	Pakistan

The program for 1955-56 is now in process of negotiation and I fully expect that it will add some ten to fifteen more projects to the program.

In passing I should like to say a word about the procurement of material for our capital projects and also our sources of recruitment for technical assistance. We have made these as widely divergent as possible across the country. Fishermen for our fishing project have come from both the west coast and the east; agricultural experts have been engaged from the prairies, Ontario and other places; and so with other experts. Capital goods have been purchased from Halifax to Vancouver in connection with our work.

Up to the end of 1954 we have had the sum of \$101,470,704 for this Colombo Plan program. This year, as you know, we received \$26,400,000, but I am referring now only up to the end of the 1954-55 program. Up to that date, therefore, I think it would be interesting for the committee to know exactly what proportion of our money has been actually spent and I am tabling the figures in a statement with this report. It will be seen that the figures are shown first in the amounts allocated to each project, second in the amounts actually expended to January 31st, 1955, third in definite commitments, fourth monies under actual negotiation, and fifth, the balance of the allocations. I want to say one word about this fifth column. The \$16,784,558 mentioned there could now be reduced by roughly \$11,000,000, that is, from the balance of allocations as shown in the statement the money has moved forward into one of the active columns. Various statements have been made from time to time to the effect that we have not spent our money—this is not true. Obviously if we undertake a project we must set a sum of money aside to meet its costs. A cement plant, for instance, takes some time to build in Canada, to send out to Pakistan and to erect, but all the time expenditure is being incurred and unless the total for the project has been set aside then the bills cannot be met. Eventually the project is completed and the allocated money totally used up. The statement attached, therefore, only shows the relative stages of the total amount which parliament has given us and, as I stated above, since the figures were compiled as at the end of 1955, the money in the column "Balance of Allocations" has been very considerably reduced. Now, of course, as we commence expenditures against the 1955-56 projects when they have been approved, the statement will again show more money unspent.

Coming now to the technical assistance program—that is the training of people—I am tabling a statement which shows the amounts of money expended in sending experts to South East Asia and receiving trainees from that area here by years against the various countries. These figures will give the committee some idea of the range of the program, country by country. But I think you gentlemen would also be interested in knowing the scope of the training in which we have been engaged, and the following are the subjects in which we have either given training in Canada or sent experts out to teach:

AGRICULTURE	Veterinary Science	ECONOMICS
Animal Husbandry	ACCOUNTING	EDUCATION
Biological Control	AVIATION	Education Psychology
Botany	BANKING	ENGINEERING
Chemistry	BIOCHEMISTRY &	Chemical
Economics	ENZYMOLGY	Civil
Engineering	BUSINESS ADMINIS-	Electrical
Farm Mechanics	TRATION	Hydro-Electric
Fertilizer Manufacture	CEMENT MANUFAC-	Irrigation
Meat Packing	TURE	Mechanical
Mycology	CHEMICAL INDUSTRY	Thermal Electric
Plant Pathology	CHEMISTRY	Thermo Dynamics
Soil Science	CO-OPERATIVES AND	and Agricultural
Tobacco Production	MARKETING	Engineering

FISHERIES	HOUSING AND TOWN	PSYCHOLOGY
FORESTRY	PLANNING	Child Psychology
GEOLOGY	INDUSTRIAL DEVEL-	PUBLIC ADMINISTRA-
HEALTH SERVICES	OPMENT AND	TION
Anaesthesiology	MANAGEMENT	PUBLIC FINANCE
Bacteriology	IRON AND STEEL	PUBLIC INFORMATION
Cardiology	INDUSTRY	SERVICES
Dentistry	LIBRARY SCIENCE	Journalism
Genito-Urinary Surgery	MATHEMATICS	Radio Broadcasting
Hospital Administration	METEOROLOGY	PULP AND PAPER
Microbiology	MINING	MANUFACTURE
Neo-Natal Pathology	Labour Safety	RAILWAYS
Neuro-Pathology	OPTICS	RIVER SURVEY AND
Nutrition and Dietetics	OIL AND GAS WELL	CONSERVANCY
Nursing	CONSERVATION	ROAD & RIVER TRANS-
Obstetrics & Gynaecol-	OIL TECHNOLOGY	PORT
ogy	PALEONTOLOGY	SOCIAL WELFARE
Ophthalmology	PHOTO GEOLOGY	STATISTICS
Pediatrics	PHOTOGRAMMETRY	TELECOMMUNICA-
Pharmacology	PHOTOLITHOGRAPHY	TIONS
Physiology	PHYSICS	THE MANUFACTURE OF
Psychiatry	Nuclear Physics	FILMS FOR TEACH-
Public Health	POLICE ADMINISTRA-	ING IN PRIMARY
Radiology	TION	SCHOOLS
Tuberculosis		

I cannot too strongly emphasize the importance of this technical training to the whole area. As these countries in South East Asia develop, more and more they find themselves woefully short of every kind of technician. In this connection we must remember that they are very largely agricultural countries and that in their normal village life they have virtually no contact whatsoever with things mechanical. When mechanical contrivances, therefore, begin to move in, there is no trained body of technicians able to service them. In this same connection one must take into consideration the woeful lack of overall educational facilities for teaching even the three R's. I suppose over the whole area the illiteracy rate is 80 to 85 per cent, and in some areas must run as high as 90 per cent. Naturally this overall high rate of illiteracy makes teachers, particularly in the elementary grades, very difficult to find. The result is that many of the teachers used are poorly qualified. School equipment, textbooks and other school requisites are few and far between. Most of these countries, and certainly India, Pakistan and Ceylon, have set a goal of free compulsory education up to the age of fourteen or fifteen, but this goal is today more a hope than a realized fact. In the very poor districts enrolment in schools is low and a large number of the children who do enrol fall out because of the necessity of assisting their families—this is particularly so in rural areas. Also, these countries have very severe language problems. In their new burst of nationalism, they are inclined to emphasize their indigenous languages, in which there are very few textbooks. Actually language takes up far more time of children in schools in these countries than it does here. First the child must learn its mother tongue, then the national languages of its country, in Pakistan for instance Urdu, in India, Hindi. If it is a Moslem child, it must also learn Arabic so that it can study the Koran in the original; if a Hindu child in Hindu colleges, then it must learn Sanskrit so that it can study the Vedas.

It will be seen, therefore, that quite a lot of the child's time is taken up in these countries by language study, and if the child moves on to higher

education then it has to learn English because most of the higher teaching textbooks are in that language. This places quite a burden on the educational systems of these countries and is a factor which must be taken into consideration when thinking of their overall development, much of which of course depends on a better educated population.

We are constantly studying the best way to go about our technical assistance programs, and the main question is "Should we bring more students here for teaching and special training or should we assist in the opening of schools in the South East Asian area?" So far we have done both, but it must be remembered that it costs something between four and five thousand dollars to bring one student and train him here in this country and send him back, and in this there are involved all the hazards of a one-man operation. He might fall ill, he might prove unsuited for the training—although I must say that most of them do very well indeed. Against this must be put the advantage of seeing our particular civilization at work, of residence and participation in a very free society and the broadening advantages of travel. There is no easy answer to the problem of which is the better method, the student here or the school there, but generally speaking, we are inclined to come down more heavily on the side of assisting the growth of educational establishments in the South East Asian area wherever possible.

I am sure the committee would be interested in the general effect of aid programs in South East Asia.

It must first be remembered that we are co-operating in plans drawn up for their own development by the South East Asian countries themselves. In India, for instance, the objectives of the first Five Year Plan have been realized in a way which very few people thought possible, including many Indians themselves. This has been largely achieved by their community project program for which they have trained many thousands of field workers who have succeeded in rousing the peasant out of his lethargy. Peasants are now building connecting roads between villages which have had no interconnection for hundreds of years, if ever. They build the roads and the government supplies advice and culverts. They are taught the use of fertilizer, the advantages of a better water supply and deeper wells, the effect of sanitation on general health, and such like things too numerous to mention in detail in this brief. It is not unfair to say that this community development is going through India like a prairie fire and with slightly less intensification is having a great effect on the life of the peasant in Pakistan, Ceylon and other countries. The Indian Five Year Plan has been much admired by economists all over the world and is administered by a very efficient Planning Board. It is within this Plan and those of the other countries that we fit our aid. Obviously unless there were these well integrated plans nothing very objective would be accomplished. What we are all trying to do is to look ahead far enough to see what capital equipment and what technicians will be required to give effect to these plans and thus to integrate the whole economy at a higher level. Unfortunately some of the countries are less well advanced in the preparation of these plans than others. India, Pakistan and Ceylon have plans and Planning Boards behind them; Burma, Indonesia, French Indo China, and the other smaller countries are not so fortunate. Their disruption during the war, and particularly those countries occupied by Japan, considerably disturbed their economies and they have had to build up again, often under conditions of very severe chaos. This year we received an extra million dollars, much of which will be devoted to technical assistance in these countries in the hope that we can assist them in evolving plans which can later be integrated. It is encouraging to note in this connection that the countries of South East Asia themselves are more and more setting up technical co-operation schemes among themselves.

Where one has special skills, those skills are made available to citizens of another, and there seems to be hope that this trend will develop. At the present moment it can be said that all of us working in the aid field—and this certainly applies to Canada's contribution—are endeavouring to assist these countries to be self-sustaining in food, and in this connection it is very encouraging to know that Indian food production in the last three years in food grains alone has gone up by more than 20 per cent. In manufacturing industries factories have increased their production by nearly 30 per cent. Seeing that many of the factories are processing agricultural products, much of this manufacturing progress too will find its way to the benefit of the poor peasant.

As all you gentlemen know, Pakistan is only 7½ years old, and I am always amazed at the progress it has made as a country in that very short time. Unfortunately, so far, they are dependent on two main crops for their balance of payment position—jute and cotton—neither of which have been any too healthy recently, with the result that Pakistan has had considerable financial difficulties to contend with. Also, she has run into political difficulties in the evolution of her new constitution, but in spite of these difficulties she is making progress. New mills have been built to process both her jute and cotton, new industries are springing up, all emphasizing the great need for additional power, which need Canada is helping to supply.

In all our Canadian Colombo Plan endeavour our task is to marry what Canada can best do most economically with what the various countries of South East Asia need. What they most need, of course, is food and as I said earlier, they are all working to increase their production and are achieving some success. But there is much more to the problem than relatively simple improvement in actual agricultural methods. The peasant farmer and the poor cultivator have to be given incentive—more return for his long hours of backbreaking work under the hot sun. The realization of this fact is leading these countries into the reorganization of their agricultural credit facilities—where any exist at all outside the rapacious village money lender—the building of cooperative movements (Canada has a cooperative expert in Ceylon running a school for teaching the operation of cooperatives), and, what is perhaps of still greater importance, the reorganization of land tenure and other agrarian reforms.

The advance being made varies considerably from country to country. Both in Pakistan and Ceylon, liberal land tenure arrangements have been worked out for refugee settlers which will make them land owners in time. It is perhaps in India, however, where the most spectacular things are being done in land tenure reform. In the Zamindari system (landlord tenure) and in Mahalwari (joint village tenure) many intermediaries helped to keep the peasant poor. These have now been abolished by law and cooperatives are taking their place. Much more Ryotwari (peasant proprietary tenure) is coming into being and virtually all new land is given out on that basis. But by far the most spectacular effort at land reform is India's "Bhoodan Yagna" movement (in English the "Land Gift" movement). Its head is a disciple of Mahatma Gandhi's. His name is Acharya Vinobha Bhave and he goes up and down the country persuading wealthy land owners to give away part of their land free to poor landless peasants. The amazing fact is that they do! He has collected over three million acres in land donations to his movement so far.

More and more we are finding the need for cooperation between the "Colombo Plan", the "United Nations", the "International Bank for Reconstruction and Development" and the United States' "Foreign Operations Administration" (once known as the Trueman Point Four Program and now once more about to change its name). This cooperation takes place, not only at the annual consultative committee meetings of the Colombo Plan but also at

many levels throughout the year, both in South East Asia and here on the North American Continent. It is a valuable exchange which assists us all to benefit by each other's experience in what must always be a difficult field of endeavour.

Mr. Chairman, I hope I have given you and the members of your Committee enough background against which they can question me, which I most sincerely hope they will.

Mr. STICK: You mentioned technical training, and I have a question to ask with a bearing on this matter. When people go back to India, Pakistan or Ceylon, having received technical training in this country, are there jobs open for them? I was talking to one of the members of the staff of the High Commissioner for India and he told me the difficulty is that when these people return to India it often happens that they can find no work to do.

The WITNESS: We have had some trouble about this, Mr. Stick, and I think it follows from the nature of the situation. If the person concerned is a civil servant he fits back into the civil service when he returns, but if he is a student from a paper mill or something like that it is not sure he will immediately find a job when he gets back. I think we can make an analogy here: if we in Canada send a student abroad for training it is very rarely that he is guaranteed a job when he comes back—he has to look for one, and I think it is the same there. On the business side, the student receives a training and then considers that he is much too good to go back to the job from which he came, and so he starts to look for a better job and there might be a period when he is out of work. But I think, by and large, that he has a better opportunity of finding work, having been trained under the Plan.

We have been discussing this matter with the authorities in India to see if there is any chance of finding jobs quicker for these people. There is no trouble, as I said, with regard to civil servants.

The CHAIRMAN: If they send out quite a small number of people would it not be wise for the administrators of the Plan, or those who pass on these projects, to make sure the students are sent for one particular purpose so that their services may be utilized fully?

The WITNESS: That is what we are trying to bring about.

By Mr. Fleming:

Q. Mr. Chairman, there have been discussions about the size of our contribution to the Colombo Plan. I realize that Mr. Cavell is not here to answer questions about policy, save as to how the policy is working out, but we have contributed over a four year period \$25 million a year, and this year the estimate shows an increase of \$1 million to about \$26 million.

That prompts me to ask a question about the absorptive capacity of the countries which are the beneficiaries of the Colombo Plan for useful expenditure, whether in training men or in the provision of capital goods. Is there an opportunity for an increase in expenditure, and if so how substantial an increase, on the training of personnel or the provision of capital goods by Canada?—A. I think, Mr. Fleming, as you yourself said, this puts me in a somewhat difficult position because I do not make policy; I only carry out the policy of parliament. But if your question means "is there a need?" then I would say there certainly is a need. In fact there is almost no limit to the amount the West could do for Southeast Asia at the present time.

Q. Is that need expressing itself in terms of present capacity for absorption of assistance of the sort we have been giving under the Colombo Plan?—A. Yes, as I said, there is a very great need for the training of personnel, but here I would say that it is becoming increasingly difficult to find places for

Asian students in this country. In fact, in the universities we have reached the point where for every Asian student who comes in we have to consider very carefully whether or not a Canadian student would not be denied something—in other words, as members of the committee know, our universities are congested and this makes training a little difficult. We have not yet reached the point where I would say we cannot absorb more students, but we have reached a point where we are very seriously considering the effect of more students on our universities.

In passing, it is also difficult to get too many students into one industry because there is a limit to which you can clutter up somebody's factory with trainees, no matter who they are. They are bound to be somewhat troublesome, they "get in the workmen's hair" and so on; you cannot place them on too big a scale. So there are problems as far as trainees are concerned which we have to watch very carefully.

With regard to capital goods, it is again a question of what our factories can turn out and what the countries in Southeast Asia can absorb. They could absorb more than they are now getting.

Q. Substantially more?—A. Substantially more, yes.

Q. Does that apply in the case of all the beneficiaries under the Colombo Plan?—A. Yes, I would think it applies to all of them. In some of the more backward countries the needs are even greater but they are not, so far, organized to take advantage of assistance on so large a scale, but that organization is coming along.

Q. I suppose that is one of the great benefits of the Colombo Plan—that it has helped these countries to recognize the necessity for the preliminary training and organization on top of which the Plan makes its most effective contribution?—A. I would agree with that.

The CHAIRMAN: I wonder if I might intervene in order to complete one of Mr. Fleming's questions? Mr. Fleming spoke about policy—the amount by which the estimate has been increased according to government policy. I wonder if Mr. Cavell might say that the policy was probably based on the recommendation, maybe of the administrators and also, maybe, on the recommendation made last year by this committee, based also, probably, on the demands made from the Colombo Plan beneficiaries to obtain an increase in the scale of the projects or to commence more projects than we have been able to do in the past. Is there something in that—that the amounts demanded by the different countries and reported on favourably by the administrators, together with the favourable effect those projects made on this committee, might have influenced the decision?

The WITNESS: Yes, Mr. Chairman, I think that it is so. But it is also partly due to the fact that more countries have come into the Plan. We started out by aiding India and Pakistan then Ceylon came in and we had to reduce the contributions to India and Pakistan in order to take in Ceylon. Since then Indonesia and other countries have come in with requests particularly, as I said just now, in those more underdeveloped countries, for technical assistance and so the extra money we get will greatly assist us in helping those new countries which have now joined the Plan.

By Mr. Fleming:

Q. Within the past year Japan and Thailand have been admitted to bring the number of member countries to 10. Do you anticipate a very great demand from those two countries? There would hardly be much demand from Japan.—A. I do not anticipate any demand from Japan. I think Japan will rather make a contribution under technical assistance. With regard to

Thailand we have had approaches from that country; and have trained one nurse and have had requests for certain technical assistance.

Q. As the Plan and the policy now stands Canada's enlarged contribution—I say "enlarged" because it is increased by about 4 per cent over last year—will it still be confined to the three countries we have been aiding so far?—

A. No sir. It is going to be spread more widely certainly as far as technical assistance is concerned.

Q. Could you say a word about that wider extension? Will we confine it to the training of personnel?—A. We shall apply this assistance to the training of personnel because the countries concerned are not yet, I feel, in a position to formulate plans for assistance, and until they get some help in doing that I doubt if they could prepare capital assistance plans which would be realistic.

By Miss Aitken:

Q. The question I am about to ask has been addressed to other experts, Mr. Chairman, but I do not think it has been asked of Mr. Cavell. In your brief, Mr. Cavell, you mentioned an item with regard to training in journalism and public relations, and I want to know something about Canada's own public relations. Are we getting credit in these various countries for what we are trying to do? I do not mean anything "small" or that we particularly want thanks, but is it creating good will?—A. I think the answer to that is that Canada's prestige stands, I would say, "ace high" in all those countries.

Q. There has been some question that the politicians in those countries accept what we do and take the credit of our work for themselves.—A. That is inevitable I am afraid—I must try to remember the committee I am appearing before here today . . .

By Mr. Fleming:

Q. Politicians are the same the world over!

The CHAIRMAN: Whether in or out of power.

A. I would think that is true, Mr. Fleming. But there is a little difficulty which arises Miss Aitken, and that is: we aid the central government and we deal with central governments. The equipment we give to central governments is not necessarily given by those central governments to the provinces and we of course do not interfere in the relations between the central governments and their provinces. If a central government, on a loan basis, gives to a province the aid we supply, the province does not feel particularly grateful to us since they have to pay for it anyway; but we are, overall of course, aiding the economy of the country because the central government has something to lend which it might not have had otherwise. So while in the provinces you do not feel any extreme gratitude to Canada or, for that matter to any other aid agency, you do find it at the central government level.

The CHAIRMAN: Miss Aitken probably also had in mind the question whether we, or the Canadian administrators of the Plan, give any publicity to the aid which is being extended—whether we have any public relations officers dealing with this matter. The question was asked the other day—do representatives of Canada, or administrators of the Plan in these various countries give any publicity to the help we contribute as Canadians?

The WITNESS: In Southeast Asia? Oh yes. Newspaper articles constantly appear and whenever equipment arrives photographs are taken and so on.

The CHAIRMAN: With reference to Canada?

The WITNESS: Yes, there is a fair amount of publicity for what we do. Of course, I would like it to be clear that we do not seek, and I think we do

not want, any—shall I say—abject appreciation. We try to avoid that. In other words we try to work in the Colombo Plan on a basis of cooperation with the people in these underdeveloped areas.

By Mr. Jutras:

Q. You spoke earlier of capital assistance for this work. I wonder if you could explain that in a little more detail with reference, for instance, to capital expenditure made up of counterpart funds? Is all the capital expenditure made up of counterpart funds?—A. Not by any means. What we mean particularly in this connection is this: the number of agencies now has increased—the United States, the United Nations, ourselves, other Colombo Plan members and so on—and for every project which is inaugurated in a country there is a certain amount of rupee expenditure which the people of the country concerned must necessarily carry out themselves—the building of concrete structures, and so forth, which of course we cannot send out to them. All this costs money and the more aid they accept the more these poor countries find themselves in need of rupee funds in order to carry out their share. Therefore we have had to help them out in the creation of rupee funds by sending out commodities which they can use to provide monies upon which they can draw to meet their rupee expenditure. We have a certain control of these funds; we can direct to which projects they should be applied, and so forth. But the great majority of our projects provide capital equipment manufactured in Canada and sent out to the country concerned. The cement project, for instance, at Daudkhel in Pakistan was manufactured in Montreal and is now out there and practically erected—we expect cement production to begin very shortly—and the locomotives for the rehabilitation of the Bombay railway system are being built in Kingston; a lot of the material for our fishing project for Ceylon is coming from the Vancouver area. So there are two sides, capital equipment from Canada and rupee counterpart funds.

Q. When you do send out goods for the counterpart funds, that goes to the central government, I take it?—A. It goes to the central government and the central government makes it available in the provinces concerned.

By Mr. Patterson:

Q. You said a little while ago, Mr. Cavell, that the need was unlimited in these countries. Would the limiting factor in practice be the lack of funds or the lack of proposed projects on the part of the nations concerned?—A. I think there are any number of projects; there are a lot of projects for which they would be glad to receive help from one or other of the agencies.

Q. Then the limiting factor would appear to be the lack of the necessary funds from the Colombo Plan?—A. That would be one of them, yes.

Q. Do you work on the principle of matching funds in these projects at all, or is it just what is made up of what you refer to here as the generation of counterpart funds? Is that their contribution, or do they supply a certain amount?—A. In many of these projects their contribution is greater than ours.

Q. There is no set rule?—A. No, we have to check them one by one according to the needs of each project. There is no set rule.

Q. I know I am evidencing some ignorance because some of these terms are new to me, but with respect to these goods which are sent out for the generation of counterpart funds, are those gifts?—A. Yes. We have dealt only with grants or gifts. We have made no loans. We try, of course, to choose things which will disrupt ordinary trade the least. Ceylon, for instance, being short of food, has to import vast quantities of flour every year, so we try to make a contribution in flour without seriously disrupting ordinary trade channels. A lot of flour comes from Canada anyway, and in that case all we do is pick up the check, and instead of Ceylon paying, we do.

By Mr. Fleming:

Q. You have no power to make loans as an administration, have you?—

A. I think the Act of parliament enables us to make grants or loans.

Q. But you never use it.—A. No, so far not the loan part.

MR. STUART: How would Canada's contribution compare with that of other countries?

The WITNESS: Very favourably, sir.

The CHAIRMAN: Dr. Keenleyside presented the committee with a list outlining the contributions of all participating countries concerning technical assistance. We were supplied with a list of all the countries, the amounts they were pledged to give and the amounts they actually gave during one full year. I wonder if we might obtain such a list from Mr. Cavell in order that we could append it to our minutes?

The WITNESS: Yes, I would be happy to supply such a list; there would be no difficulty in doing that.

By Mr. Pearkes:

Q. I have two unrelated questions. Is any encouragement given to those British East Indians who have been living in Canada for many years to return to their own country? We have several thousands of British East Indians who have been in British Columbia for a great many years. They have become accustomed to our way of life. Many of them have worked in the shipyards, in lumber mills and in logging camps. They are used to handling machinery. Their children have been educated in our schools. However, you cannot say that they really fit into our community or our way of life here. They are doing the best they can, but they are still a minority group. It seems to me that if they could be encouraged to go back to their own country they might well become leaders in the new developments which are taking place in India where technical knowledge is required. Is any encouragement given to them to return?—A. I think that is a very novel idea, but I am afraid it is rather outside my scope, is it not? Perhaps you could consider their return as sort of Canadian aid to their own country, but I think it is outside my scope to encourage them to go back. I have not thought of this and I do not think anyone in my organization has.

Q. I do not suggest there are a great many of them, but there is the difficulty of bringing their wives over. Their life is somewhat restricted in Canada because they are a different group entirely. They are very law abiding and are good citizens and I have no complaint whatever about them, but it seems to me there might be an opportunity for some of them to be encouraged to go back to their own country to become leaders in this new development which is taking place. My second question is this. I think you said that under capital assistance project 4, that ties where being sent to India. Are those Canadian ties?—A. Yes, they are wooden ties; wooden sleepers that came from the Vancouver area.

Q. Is there not a great deal of wood in India itself which is suitable for ties?—A. No sir, they import virtually all their ties.

Q. I thought they came from Burma?—A. At one time they did, but the entire Burmese economy was disrupted following the Japanese occupation. After the Japanese left they had several wars going on, if you remember and their economy was so upset that they were not exporting anything—not even rice. At one time they were the biggest exporters of rice in the whole east, but then it ceased. They have begun to export rice again, but they have not been able as yet to develop their timber resources.

Q. But ties for all the original Indian railways came from Burma, did they not?—A. I think many of them did, but that was completely disrupted during and after the war.

By Mr. Cannon:

Q. Mr. Chairman, I am particularly interested in two of the projects which Mr. Cavell mentioned. A few questions have already been asked concerning the generation of rupee counterpart funds, but I have two or three others. I understood that wheat was one of the commodities which was given to the countries we helped under the Colombo Plan. I wonder what the other commodities are?—A. It would be true to say that wheat was given, but that is not so now because they do not need wheat, as I told you.

Q. You gave wheat, did you not?—A. Yes, in the early stages we gave it.

Mr. FLEMING: In the amount of \$10 million.

The WITNESS: Yes. \$10 million to India and \$5 million to Pakistan plus \$5 million to Pakistan as a further gift outside the Colombo Plan.

By Mr. Cannon:

Q. What are the others?—A. Copper and aluminum and flour.

Q. Exactly how does this work? You said we give these goods—to the central government, I suppose?—A. Yes.

Q. And they sell them?—A. That is right.

Q. And thereby get money which is the rupees that are being generated by these gifts?—A. Yes.

Q. How is that money spent, by the central government?—A. Yes, it is spent by the central government in cooperation with us, on such projects as Mayurakshi, the one which will grow 400,000 tons of food which was not grown before in that area of west Bengal, for instance. The wheat counterpart funds went into that project to help develop their rupee expenditures on it, and we sent generating equipment from Canada to complete the project.

Q. You said that money was spent in collaboration with you. I suppose that means that you exercise control over the spending of the money?—A. We do not have control over the spending of the money, but we exercise control over where it is spent.

Q. Is there any control exercised over the use of the funds?—A. There is control over the use of the funds. They devote those funds only to projects which we approve, and usually to projects with which we are helping by the gift of capital goods.

Q. Suppose they do devote these funds only to projects which you approve, is there any actual control over the actual use of the money? Is there any auditing?—A. The Auditor General takes care of that, and statements are called for and submitted to him, and he checks them.

Q. It is controlled all the way through?—A. Yes.

Q. There is one other thing I wanted to ask about. Someone said there are 16 nations under the Colombo Plan and that Japan and Burma came in recently?

Mr. FLEMING: Japan and Thailand.

The WITNESS: Yes.

By Mr. Cannon:

Q. I want to have this clear in my mind. Under the Colombo Plan there are donor countries and donee countries—giving countries and receiving countries?—A. Yes sir.

Q. I understand that Japan came in as a giving country?—A. Japan is more likely to be a donor country than a receiving country, yes.

Q. When nations come in under the Colombo Plan is there any classification beforehand that such and such a nation is coming in as a donor country or a donee country?—A. I think it pretty well classifies itself. If they are south-east Asian nations—that is, with the exception of Japan—they are receiving countries, and if they are western countries, such as the United States, there is no question when they come in but that they are donor countries.

By Mr. Herridge:

Q. Mr. Chairman, I understand that there are a number of agencies doing this type of work in southeast Asia—U.N. and Colombo Plan countries. What is done to work towards an overall progressive development to avoid overlapping between the various agencies so their work will fit in and produce a satisfactory result?—A. As I said in my brief, there is an over-increasing exchange of information between ourselves, the United Nations, the Central States and the International Bank. We exchange reports with each other and then, of course, there is the consultative committee meeting of the Colombo Plan held annually. The last one was held in this House, you will remember, and all the Colombo Plan nations came here for it. At these meetings we table what we are all doing and look over the results and so on. There is a general collaboration at these meetings, but apart from that there is a growing interchange of information, reports and so on. This is now being progressively watched.

Q. When it comes to the purchasing of commodities in Canada—for instance fertilizers and industrial equipment—what is the procedure used by your organization? Who does the purchasing?—A. It is done by the Canadian Commercial Corporation.

Q. All of it—A. Yes, and it is done on a tender basis just as any other government purchasing is done. In setting up the Colombo Plan organization I endeavoured to use existing machinery, and the Canadian Commercial Corporation a crown company has done our purchasing from the beginning.

Q. This is a question simply on a point of interest. We have had an extensive dieselization of the railways in Canada. Are some of the locomotives which have fallen into disuse but are in good condition being rebuilt and sent to these countries?—A. Not at the present moment, sir.

By Mr. Stick:

Q. In reply to a question asked by Mr. Patterson you said the needs of some of these countries were unlimited. I think to satisfy some of us here you might set out the pattern as to how you go about it. For instance, in pouring money into Thailand, unless you have a survey made and a plan to absorb that money, the money simply would be no good. I think you told us before that in allocating money to places like Burma or Thailand, you do not just pour money in but you work on a plan and survey the needs of the country and work together with that country. I mean to say, pouring money into a country is not going to solve its problems unless you have some organization there concerning how it will be spent in the best way. Would you explain how you go about that?—A. Yes sir. As I said before, our capital assistance plan has so far been confined to India, Pakistan and Ceylon. Those three countries have planning boards and five-year plans. We do nothing which is not within the orbit of those five-year plans and we discuss our aid very carefully with their planning boards and make sure that the aid can be integrated into the overall objectives of the five-year plan. In the still more backward countries such as Burma, Indonesia and similar countries which have been disrupted and hit harder by the war than the

three I already mentioned, those countries have not as yet been able to evolve realistic plans. Some of the extra money we have this year is being devoted to helping them to do that, and we shall not give them any capital assistance until they have plans into which we can fit that assistance as we have in the three more developed countries.

Q. Thank you. When I was in Africa last year, I met the Colombo delegates from Pakistan. As soon as I met them they were most enthusiastic about what Canada is doing there. There is no doubt that what we are doing is very much appreciated in government circles.

By Mr. Studer:

Q. Mr. Cavell, I was interested in what you perhaps have already explained to the committee in regard to the wheat Canada has given to assist the underprivileged people who need it in other countries. I understand that in tendering this gift it is a gift to the government which in turn sells it to the provinces. What do they do with it in turn?—A. Distribute it, sir. Of course, in the first place the wheat gift was not really in accordance with Colombo Plan principles, or so we felt. The objective of the Colombo Plan is to put an economic floor under the living standard and the economies of these countries. Giving them food does not do that, of course. That is more a type of relief measure and we did not particularly want to give this food, but at that time when we did it, in 1951-1952, there was famine, and if a commonwealth partner comes and says, "We are in a famine condition," what can you do? You have to help them out and we did just that. Much of the wheat was given away, but to the extent that it was sold, then we generated counterpart funds and got away from the relief aspect of the operation by insisting that the funds be put into a useful economic project and so we really brought the wheat gift back in conformity with the overall objectives of the Colombo Plan. Is that clear?

Q. Yes, that is clear. I was wondering if it was a gift why it would appear on the surface that someone was taking advantage of the gift and that perhaps it would not reach the individuals who were underprivileged and who needed it—the consumer, in other words. If he had to pay for it it would be of little help to him.—A. I do not think that is how it was worked out. The provinces and various agencies in those countries had relief funds of one kind and another with which they could buy the food for the people who required it. They used those funds to buy the wheat and thereby the counterpart funds mounted up.

Q. And eventually the funds would resolve themselves into making them more self-sustaining and not dependent on future needs?—A. Quite correct, sir.

By Mr. Herridge:

Q. Mr. Chairman, I was very interested in the procedure that is adopted in the countries concerned to give effect to these projects. What would happen if the government were to say, "We have a place where we would like to build a plant, or an irrigation project or an agricultural development?" Do they consult you to examine, pass upon and survey it?—A. As you probably know, I go out myself once every year and usually take someone with me from another department. Invariably they show us proposed projects and if I think it is something that Canada can aid and in which we are likely to be interested, I return and talk it over with our policy committee. Then we send technicians out to examine it from the technical viewpoint and if they are favourably impressed we go ahead and put it to cabinet for approval.

By Mr. Fleming:

Q. There are two things I should like to ask about and the first concerns the relative amounts that have been expended on technical training on the one

hand and capital goods on the other. Do you have figures for the last fiscal year, and perhaps in the aggregate for the four years to date?—A. So far as capital projects are concerned, at the end of 1955 there was allotted to capital projects—

Q. That is, March 31, 1955?—A. No, January 31, 1955—\$97,088,500.

Q. And the technical training?—A. Technical assistance for the same period amounted to \$1,554,917.

Q. So the capital assistance is getting approximately 98 per cent of your total commitments?—A. Yes.

Q. Can you say anything about the foreseeable future as to the proportion in which the two forms of contribution will continue?—A. Yes, the technical assistance will go up for the reason I gave the committee just now. The extra money we got this year will practically all be spent in technical assistance.

Q. So we might expect for the next couple of years that perhaps this figure for technical assistance will be doubled?—A. I would not say it would be doubled. I think it would go up 50 per cent at least.

Q. It is still a very small portion of the total?—A. Yes.

Q. The other question I had concerned the organization within your own branch, Captain Cavell. Has there been any change at all in your internal organization within the last year or are you still organized and manned as you were a year ago?—A. There has been a slight increase, I think, in typists and similar categories but it is very small.

Q. There is no change in senior personnel?—A. No, none at all.

Q. In your opinion are you adequately staffed at the senior level to be insufficiently close contact with the work that is being carried on and the things that the Colombo Plan is designed to meet so far as Canada is concerned in meeting them?—A. No sir. I think at the present moment we are not adequately staffed and a committee has been set up to look into that matter. As we get more and more projects in Asia, we of course then require more people in south east Asia to administer and help and so on. So far that load has been put on to the high commissioners and their offices and also on the trade offices in those countries, but it is getting so heavy now that they cannot carry it any longer without their ordinary work suffering. We are adding perhaps nine or ten new projects this year, and as we continue to do that we need more staff to service and look after them. We have asked for and obtained a committee which is going to look into the overall staff problem.

Q. Is that a committee of the department, or of cabinet?—A. No, it is a subcommittee of our policy committee.

Q. You mentioned the policy committee before: would you enlarge somewhat on that?—A. This is an external affairs grant and the chairman of the policy committee is Mr. Ritchie of the economics division of the Department of External Affairs. The policy committee is made up of members from the departments of Finance, Trade and Commerce, External Affairs and the Bank of Canada. There are two committees: one deals with capital and one with technical assistance. The capital assistance one is as I just stated and the technical assistance committee, which is also presided over by Mr. Ritchie, has a much larger representation. It is drawn from the Department of Agriculture the Department of External Affairs, the Department of Finance, the Department of Mines and Technical Surveys, the Department of Labour, the Department of Health and Welfare, the Department of Trade and Commerce, the Civil Service Commission and the Bank of Canada. In fact, we rope in anyone whom we think will be helpful to us in working out a policy and in finding technicians to man that policy.

Q. Is it then that policy committees in which the projects are advanced to the point where the decision is ready then to be taken by government?—A. Yes sir. What happens is that if I have examined them in the field and after the technical experts have examined them, then they come to the policy committee.

Q. Then the chain of reporting runs something like this: from a local field to you, from you to the policy committee and from the policy committee to cabinet?—A. That is correct, sir.

Q. There is one general question which I would like to ask in relation to your long experience and the many years you have spent in India and the far east. Looking at Canada's contribution of \$100 million over the past four years in relation to a need which, I suppose is infinite—if there is any such thing as an infinite human need—and taking account of all the factors that have been working sometimes together and sometimes at odds with one another in that part of the world, would you say that Canada's contribution has played an effective part in accomplishing the high purposes that parliament conceived for it when it first approved the plan and then in succeeding years continued that assistance?—A. Yes sir, I most emphatically would say so.

Q. From the view point of dollars you think we have had good value for our outlay and we take it also that you feel we have done something effective as a friendly nation and a sister nation of the commonwealth in furthering the very high objectives that the plan was conceived to aid?—A. Yes sir, I think so, and I think the credit for that belongs in most part to the policy committee which has very largely been responsible for keeping the whole thing on the rails. I mean, if you get the top officials of finance, the bank and the other departments of Government advising then I think you can rest assured that the main objectives of the Colombo Plan are kept in view all the time and projects are not entered into which do not make a real contribution to the overall economic betterment of those countries.

By Mr. Patterson:

Q. Mr. Cavell, there is some information I am interested in securing, and perhaps it is contained in the tables you are tabling today. My question is what would be the aggregate value of agriculture projects that are being put into these countries in connection with the generation of counterpart funds by all the participating nations? How much are they sending in on that plan?—A. All the participating nations?

Q. Yes. I want to get how much Canada was sending and the aggregate amount that was sent by all the participating nations. I would like to have it in percentages. Would that be in the tables?—A. No sir. The tables would contain what Canada has contributed in flour and wheat, but those are the only agricultural products we have contributed.

Q. You would not have information concerning the other nations?—A. We could get it for you, but I do not have it in my head. A lot of it has come from the United States of course, and we would have to get the figures from there.

Q. I was also interested in securing the same information regarding agricultural machinery and industrial machinery. I would like to know the percentage Canada contributed and the percentage contributed by all the participating nations.—A. We could work that out for you, but I have not got it off hand.

Q. I would be interested in obtaining that.

The CHAIRMAN: Of course, it might take a little time for the officials to get it. I doubt very much if it would be here in time to appear in today's printed minutes. You do not have a list in your office at the moment?

The WITNESS: No.

The CHAIRMAN: You would have to consult all the participating nations in order to secure that information. Do not expect to see it printed in today's proceedings.

By Mr. Fleming:

Q. Is there no central place where a record of the contributions is kept?—

A. It is drawn together very largely in the consultative committee's annual report, but not in the type of detail for which Mr. Patterson asked.

By Mr. Studer:

Q. I am still interested in wheat, Mr. Chairman. Food is a primary necessity of life. It is popular for after dinner speakers to talk about the under privileged people of the world and to state that two-thirds of all human beings go to bed hungry every night. Despite this, I understood you to state a little while ago that we sent gift of wheat only once in 1951, and also if I heard you correctly you mentioned that there was no demand for wheat among these people who no doubt are under privileged. I was wondering why this is so in view of the fact that wheat is a primary necessity. If people are in the position that has been described to us, why should there not be a demand for wheat until they make themselves self-sustaining?—A. I think there is a demand for wheat, but as I told you the methods being adopted—in India in particular—have resulted already in a 20 per cent increase in their food grains. That is not nearly sufficient and they hope to increase it still further in the second five-year plan. We are very anxious, however, not to dissipate our funds in relief measures. It is most unfortunate that many of these people should not have enough to eat, but they will always be in that condition unless we use our funds to put them in a better condition. If we use all our funds in supplying food to them, that is a relief measure which really never improves the overall situation. We have rather set our faces against relief measures under the Colombo Plan, and are emphasizing the need for internal development in the countries to provide permanent betterment.

Q. Perhaps this is beyond our realm, but as time goes on if all the countries are self-sustaining and we in Canada are still dependent upon exports, how will this affect our export markets? We are an exporting nation. We have to export 50 per cent of our wheat. Our objective under the Colombo Plan is to create a higher standard of living in these countries. It occurred to me that we reduced our production to the extent that we increased production in other countries.—A. I think there will always be a great number of countries—Great Britain is one and Japan another—where they will always have to buy a proportion of their food abroad. I think there are a number of those countries—they just do not have enough land to produce sufficient food for their people.

Q. They would never be in a position where they themselves could become exporters?—A. Rice, amongst themselves. Burma is exporting rice once more to certain areas. Wheat exports, however, would be a very long way off in those countries. However, they do export rice amongst themselves.

Q. Rice is one of the greatest competitors of wheat. In fact there is more rice grown in the world than wheat, I understand.

By Mr. Herridge:

Q. I am interested in the question of locomotives. In view of the increasing number of locomotives in good working condition in Canada which has been replaced by diesel locomotives, I was wondering why we build and ship new locomotives to these countries when we have many locomotives in

excellent condition which are not in use at the present time?—A. These countries supply their own specifications and they have special conditions to meet. I understand that some of our railway equipment is entirely unsuitable to their needs.

Mr. FLEMING: Are they building their railways on narrow gauge?

The WITNESS: Yes, the gauges are different, and they have long hauls and great heat and one thing and another which must be taken into consideration.

Mr. STUDER: Water and coal would be a necessity.

The WITNESS: There are technical problems in transferring equipment.

Mr. CANNON: The three diesels you mentioned constitute one of the projects which is being carried on?

The WITNESS: Yes sir.

The CHAIRMAN: Shall the item carry?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: First of all, I wish to thank Mr. Cavell in the name of the committee for the interesting remarks he has made, and for the way in which he has answered the questions put to him. We highly appreciate his cooperation.

Perhaps you will bear with me for a few moments. Before we go any further, I would like to table some answers to questions. At a previous meeting a question was asked of Dr. Keenleyside concerning a list of the nations which contributed to the U.N. technical assistance program, their pledges and the amounts received. This list has now been supplied to us, and will be printed as an appendix. Mr. Cavell is also supplying us with the tables that he referred to during his remarks earlier in the day, and these will also be appended.

At a previous meeting some questions were asked of the deputy minister of External Affairs concerning matters of policy. I have now received a letter from the Hon. Mr. Pearson. The transcript evidence was examined by the officials of the Department of External Affairs in order to ascertain that an answer would be brought forward to all questions that had been asked including questions on policy. With your permission I will read this letter into the record:

Dear Mr. Pinard,

When the Under-Secretary appeared before the committee questions were asked on matters of policy as well as on matters of fact. On three matters of policy, the appointment of parliamentary observers to the United Nations, eventual Canadian representation in Indochina and Canadian representation in Israel, I attach brief statements which the committee may wish to include in the record of its meetings. I also attach two factual statements dealing with blocked currencies and with the office accommodation which is being built abroad.

Yours sincerely,

(Sgd.) L. B. Pearson

The first statement deals with personnel of our delegation to the United Nations Assembly.

External Affairs Committee

June 6, 1955.

On Friday, June 3, 1955, Mr. Herridge asked Mr. Leger the following: 'Who recommends the people sent as parliamentary observers to the United Nations?' Mr. Leger replied that that was a question for the minister's office.

As Mr. Pearson pointed out on June 6 in the House in reply to a question placed on the order paper by Mr. Gagnon, the parliamentary observers are nominated by their party leaders and are appointed by the government to give members of all parties represented in the House of Commons opportunities to obtain first-hand information of the problems and activities of the United Nations. Customarily the government invites nominations of four Liberal members as observers, two attending each half of the session of the assembly; two Progressive Conservative members, one attending each half of the session; one C.C.F. member to attend half the session and one Social Credit member to attend the other half.

The second statement concerns the eventual Canadian representation in Indo-China.

A question was asked about the intentions of the government with regard to Canadian representation in Indochina after the International Supervisory Commissions have completed their work. Much will depend on the circumstances that prevail in Vietman, Laos and Cambodia at the time the international commissions are withdrawn. These will have to be examined carefully with a view to deciding whether Canadian interests would be served by establishing diplomatic or consular representation in one or more of the three countries. There is no present intention to establish such representation. Developments in the Indochinese peninsula over the next year or two are difficult to predict and it will be necessary to leave this decision for the future.

The third statement deals with Canadian representation in Israel.

During a discussion in the committee, it was noted that the Canadian ambassador to Israel is also accredited as Ambassador to Greece and resides in Greece, paying visits to Israel as required, and that there is a resident charge d'affaires in Tel Aviv. A member of the committee enquired whether it is intended to appoint a separate Ambassador to Israel.

In due course this step should be taken. However, in view of the expansion of the department, which was discussed by the committee, it is not easy to provide suitably experienced people as heads of diplomatic missions. It is expected that double accreditation will continue for some time—in this as in other cases—and certainly during the course of the present fiscal year.

The other two statements are factual figures submitted by the deputy minister so I think it is quite all right for you to allow me to have them printed in the record.

Original Settlements in Blocked Currencies Abroad

<i>Country</i>	<i>Equivalent of Local Currency In U.S. dollars</i>
France	\$7,535,580
Netherlands	2,371,237.19
Yugoslavia	150,000
Italy	1,300,000*

Note:

*Settlement to be (a) \$500,000 worth of Italian government 5 per cent bonds; (b) remaining \$800,000 in local currency less purchase price of property (\$194,951) which was refunded in dollars.

Department of External Affairs Building Projects Now Underway
in Paris, The Hague and Tokyo

Paris Building Project

The erection of a new office building for the Canadian Embassy in Paris was undertaken in order to provide sufficient office space for the External Affairs and National Defence staff and for the members of the Department of Trade and Commerce, the Department of Finance and Defence Construction, Ltd., who have offices elsewhere in that city.

As planned the new building will be "L" shaped with the short arm of the L, 9 storeys high, lying parallel to the street and the long arm, 6 storeys high running the depth of the site. There will be a full basement. The building will be of reinforced concrete with brick in-filling, faced on the front with natural stone. It will provide approximately 16,450 square feet of office space for 87 people as well as living accommodation for a caretaker and a married guard.

The cost of this building will be approximately \$585,000.

New Chancery—The Hague

The three storey building under construction will have a frontage of 116 feet and wing extending to a depth of 66 feet. It will provide office space for a staff of approximately 30 and living accommodation for a married security guard. The basement area to provide for the heating plant and storage of supplies and equipment will measure 69 feet by 41 feet.

The building is of brick construction faced on the front and two sides with natural stone.

The cost of this building will be approximately \$285,000.

Extension to Chancery—Tokyo

The existing building is a two storey reinforced concrete structure with a frontage of 103 feet and two short wings. The addition, which will approximately double the size, will provide a two storey square structure with a centre court yard. The enlarged chancery will have thirty offices of varying sizes and sufficient ancillary space to meet the needs of the embassy.

The basement will be enlarged to provide space for the heating plant, dehumidifying unit and storage of supplies and equipment.

The original building will be rewired to provide fluorescent lighting and renovated in other ways as necessary.

In addition to the construction referred to above, work will be done on the grounds of the compound as follows:

(a) a new parking area will be created in front of a new entrance to the renovated building.

(b) a new entrance to the compound together with the necessary gatehouse and a new driveway will be constructed on the side opposite the new entrance to the building.

(c) an outbuilding in the compound will be reorientated and converted for use as a garage for official automobiles. The cost of this project will be approximately \$250,000.

This, gentlemen, would appear to complete the work that has been entrusted to us by the House. The only thing which remains to be decided is the text of the report. I wish to thank the hon. members for their cooperation and attendance and I highly appreciate the help they have given the chairman in handling the estimates in a spirit of fairness and cooperation.

I asked the hon. members the other day what they wanted to have included in the report. One or two members have made verbal suggestions to me. I have a text which is nearly ready to be submitted to you in order that you can decide whether or not you like it. I think we could have it mimeographed by four o'clock this afternoon, so if it would be convenient to you, gentlemen, I would ask that we have a meeting in camera at 4 p.m. to consider the report in which case, if the report is approved by you, it could be submitted to the House tomorrow, winding up the business for this year. Most of the committees are now completing their work and the leaders of all parties have indicated that they would like the committees to present their report as quickly as possible.

Mr. FLEMING: Would it be possible instead to meet this evening at 8.30 p.m. because there is an important matter coming up in the House this afternoon.

The CHAIRMAN: I do not think there is anything very controversial which would delay our report; it is merely a statement of the fact that the estimates have been examined, although there may be one or two matters which we might touch upon. I appreciate having my friend's, Mr. Fleming's opinion on this matter. Would 8.30 this evening suit you better?

Some Hon. MEMBERS: Yes.

The CHAIRMAN: The committee stands adjourned until 8.30 tonight and the meeting will be held in camera to consider the report.

Mr. STICK: Will we meet in this room?

The CHAIRMAN: We will have to inquire if we can secure it.

RESTRICTED

APPENDIX I

COLOMBO PLAN

ALLOCATIONS, COMMITMENTS AND EXPENDITURES AS AT 31ST JANUARY, 1955

Recapitulation

Capital Projects	Allocated ¹	Expended to Jan. 31/55 ²	Commitments ³	Under active negotiation ⁴	Balance of allocations ⁵
India.....	\$52,195,000 ¹	\$26,215,349 ¹	\$19,908,788 ¹	\$123,999 ¹	\$5,946,864 ¹
Pakistan.....	38,734 000	15,717,083	5,591,877	8,638,187	8,786,853
Ceylon.....	6,159,500	2,339,800	1,760,467	8,392	2,050,841
	\$97,088,500	\$44,272,232	\$27,261,132	\$8,770,578	\$16,784,558
Voted..... \$102,000,000					
Lapsed (from early Technical Assistance votes)..... 529,296					
\$101,470,704					
Allocated to Capital Projects..... \$ 97,088,500					
Technical Assistance Expenditures..... 1,554,917					
Unallocated Balance..... \$ 98,643,417					
\$ 2,827,287					

¹ Approved by the Canadian Government for allotment to particular projects.² Bills or invoices paid by the Canadian authorities.³ Commitments to suppliers in the form of purchase orders or firm commitments.⁴ Under active negotiation with Canadian companies for contracts on particular projects.⁵ In the event that any goods supplied by grants from the Canadian Government are sold or otherwise disposed of by the recipient government, counterpart funds will normally be set aside for use on agreed economic development projects.

COLOMBO PLAN—INDIA
ALLOCATIONS, COMMITMENTS AND EXPENDITURES AS AT 31ST JANUARY, 1955

Projects	Allocated ¹	Expended to Jan. 31/55	Commitments ²	Under Active Negotiation ³	Balance of Allocation ⁴
	\$	\$	\$	\$	\$
Trucks & Equipment for Bombay State Transportation System.....	4,500,000	4,355,632	—	—	144,368
Mayurakshi Hydro Electric and Irrigation Project—					
(a) Engineering services and equipment.....	3,000,000	731,385	478,253	6,628	1,783,734
(b) Wheat to yield rupee counterpart funds for meeting local costs.....	15,000,000	15,000,000	—	—	—
Untru Power—					
(a) Engineering services and equipment.....	1,215,000	48,191	618,791	117,371	430,647
(b) Copper and aluminium to yield rupee counterpart funds for meeting local costs.....	2,100,000	1,583,180	220,000	—	296,820
Locomotive Boilers for the Indian Railways.....	2,080,000	1,777,223	4,075	—	298,702
Steam Locomotives.....	21,400,000	2,719,738	18,587,669	—	92,593
Additional Commodities to Yield Counterpart Funds for Local Rupee Costs of Particular Projects Still to be Agreed upon Copper and Aluminium.....	2,900,000	—	—	—	2,900,000
Totals.....	52,195,000	26,215,349	19,908,738	123,999	5,946,864

¹ Approved by the Canadian Government for allotment to particular projects.

² Bills or invoices paid by the Canadian authorities.

³ Commitments to suppliers in the form of purchase orders or firm commitments.

⁴ Under active negotiation with Canadian companies for contracts on particular projects.

⁵ In the event that any of these goods supplied by grants from the Canadian Government are sold or otherwise disposed of by the Indian Government, counterpart funds will normally be set aside for use on agreed economic development projects.

COLOMBO PLAN—PAKISTAN

ALLOCATIONS, COMMITMENTS AND EXPENDITURES AS AT 31ST JANUARY, 1955

Projects	Allocated ¹ \$	Expended to Jan. 31/55 ² \$	Commitments ³ \$	Under active negotiation ⁴ \$	Balance of allocation ⁵ \$
Cement Plant.....	6,750,000	4,474,872	2,275,128	—	—
Railway Ties.....	2,800,000	2,770,490	5,381	—	24,129
Aerial Photographic and Resources Survey.....	3,050,000	2,503,255	546,745	—	—
Thal Livestock Development and Research Farm.....	200,000	142,785	—	5,000	52,215
Beaver Aircraft for Locust Control.....	178,000	176,678	—	—	1,232
Engineering Report on Power Projects.....	24,000	21,731	2,269	—	—
Warsak Hydro Electric Project—					
(a) Engineering services and equipment.....	8,900,000	—	2,266,813	6,633,187	—
(b) Wheat to yield rupee counterpart funds for meeting local costs (A).....	5,000,000	5,000,000	—	—	—
Punjab Hydro Electric Schemes.....	5,018,000	6,732	—	2,000,000	3,011,268
Ganges-Kobadak Irrigation Schemes Engineering Equipment and Design for Thermal Plant.....	1,814,000	620,450	495,541	—	698,009
Dacca-Chittagong High Tension Transmission Line.....	4,000,000	—	—	—	4,000,000
Additional Commodities to Yield Counterpart Funds for Local Rupee Costs of Particular Projects still to be Agreed upon—					
Copper and aluminium.....	1,000,000	—	—	—	1,000,000
Totals.....	38,734,000	15,717,083	5,591,877	8,638,187	8,786,853

¹ Approved by the Canadian Government for allotment to particular projects.² Bills or invoices paid by the Canadian authorities.³ Commitments to suppliers in the form of purchase orders or firm commitments.⁴ Under active negotiation with Canadian companies for contracts on particular projects.⁵ In the event that goods supplied by grants from the Canadian Government are sold or otherwise disposed of by the Pakistan Government, counterpart funds will normally be set aside for use on agreed economic development projects.

(A) In addition wheat to the value of \$5,000,000 was supplied outside the Colombo Plan to yield rupee counterpart funds for the Warsak Project.

COLOMBO PLAN- CEYLON

ALLOCATIONS, COMMITMENTS AND EXPENDITURES AS AT 31ST JANUARY, 1955

Projects	Allocated ¹ \$	Expended to Jan. 31/55 ² \$	Commitments ³ \$	Under Active Negotiation ⁴ \$	Balance of Allocation ⁵ \$
Transmission line for the Gal Oya Land Reclamation Project.....	774,500	191,123	382,802	—	200,575
Fisheries Development Project—					
(a) Fishing Equipment, Refrigeration and By-Products Plants.....	1,407,000	536,346	823,571	8,392	38,691
(b) Flour to yield rupee counterpart funds for meeting local costs.....	600,000	—	340,214	—	239,786
Agricultural Workshops.....	225,000	42,929	2,937	—	179,134
Pest Control.....	28,000	25,130	2,870	—	—
Portable Irrigation Units.....	185,000	36,130	—	—	148,870
Polytechnic School.....	300,000	9,422	34	—	290,544
Diesel Locomotives.....	925,000	848,829	8,039	—	68,132
Railway Ties.....	200,000	—	200,000	—	—
Airport Equipment.....	205,000	—	—	—	205,000
Colombo Port Equipment.....	400,000	—	—	—	400,000
Rural Roads—					
(a) Flour to yield rupee counterpart funds for meeting local costs.....	650,000	600,000	—	—	50,000
Gal Oya Agricultural Equipment.....	210,000	—	—	—	210,000
Ceylon University—					
(a) Flour to yield rupee counterpart funds for meeting local costs of an agri-cultural laboratory.....	50,000	49,891	—	—	109
Totals.....	6,159,500	2,339,800	1,760,467	8,392	2,050,841

¹ Approved by the Canadian Government for allotment to particular projects.² Bills or invoices paid by the Canadian authorities.³ Commitments to suppliers in the form of purchase orders or firm commitments.⁴ Under active negotiation with Canadian companies for contracts on particular projects.⁵ In the event that any goods supplied by grants from the Canadian Government are sold or otherwise disposed of by the Ceylon Government, counterpart fund will normally be set aside for use on agreed economic development projects.

COLOMBO PLAN—TECHNICAL ASSISTANCE

EXTERNAL AFFAIRS

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Fiscal Year	Voted	Expended	Lapsed
1950-51.....	\$400,000.....	\$ 5,582	\$ 394,418
1951-52.....	400,000.....	265,122	134,878
1952-53.....	400,000.....	206,484	—
1953-54.....	Capitaland technical assistance vote combined.....	433,956	—
1954-55 (to 31 Jan. 1955).....	“ “.....	643,773	—
		1,554,917	529,296

According to present commitments entered into by the Technical Co-Operation Service, it is estimated that approximately \$100,000 will be expended during the remainder of the fiscal year 1954-55. It will be appreciated some of the Technical Assistance programme contracts which necessarily cover terms of more than one year involve commitments for future years.

COLOMBO PLAN EXPENDITURE ON TECHNICAL ASSISTANCE, 1950-51-1954-55 (31 MARCH 55) BY FISCAL YEAR AND COUNTRY

Country	1950-51			1951-52			1952-53			1953-54		
	Total	Experts	Trainees	Total	Experts	Trainees	Total	Experts	Trainees	Total	Experts	Trainees
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Burma.....	—	—	—	—	—	—	—	—	—	—	—	—
Cambodia.....	—	—	—	—	—	—	—	—	—	—	—	—
Ceylon.....	—	20,524 77	25,617 02	46,141 79	68,608 87	14,864 34	83,473 21	124,103 81	19,742 89	143,846 70	1,270 42	—
India.....	—	—	123,430 93	123,430 93	2,561 09	52,324 21	54,885 30	3,520 14	98,011 26	101,531 40	—	—
Indonesia.....	—	—	—	—	—	—	—	—	—	—	—	—
Malaya.....	—	—	—	—	—	—	—	—	—	—	—	—
North Borneo.....	—	—	—	—	—	—	—	—	—	—	—	—
Pakistan.....	—	3,500 00	91,372 95	94,872 95	2,561 10	61,374 95	63,936 05	27,560 21	105,747 80	133,308 01	42,371 66	2,187 51
Singapore.....	—	—	—	—	—	—	—	—	—	—	1,688 75	—
Thailand.....	—	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—	—
Total.....	—	24,024 77	240,420 90	264,445 67	73,731 06	128,563 50	202,294 56	200,514 99	229,231 51	429,746 50	—	—
Contributions to Colombo Bureau and Sundry Expenditure.....	5,581 50	—	—	676 79	—	—	4,189 31	—	—	4,210 00	—	—
Grand Total.....	5,581 50	—	—	265,122 46	—	—	206,483 87	—	—	433,956 50	—	—

Country	1954-55						TOTAL—1950-51 to 1954-55					
	Experts		Trainees		Equipment		Total		Experts		Trainees	
	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.
Burma.....	4,377	25	—	—	—	—	4,377	25	4,377	25	—	—
Cambodia.....	17,807	86	1,659	55	—	—	19,467	41	19,078	28	1,659	55
Ceylon.....	131,033	21	32,833	00	20,542	14	184,408	35	344,270	66	93,057	25
India.....	14,434	31	96,338	04	38,355	25	149,127	60	20,515	54	370,104	44
Indo-China.....	—	—	4,313	20	—	—	4,313	20	—	—	4,313	20
Indonesia.....	9,761	88	54,542	10	—	—	64,303	98	9,761	88	54,542	10
Malaya.....	54,428	28	1,578	45	—	—	56,006	73	96,799	94	3,765	96
North Borneo.....	5,466	81	—	—	—	—	5,466	81	7,155	56	—	—
Pakistan.....	62,323	01	141,290	41	46,155	25	249,768	67	95,944	32	399,786	11
Singapore.....	—	—	8,540	56	—	—	8,540	56	—	—	8,540	56
Thailand.....	—	—	2,845	37	—	—	2,845	37	—	—	6,387	42
Total.....	299,632	61	343,940	68	105,052	64	748,625	93	597,903	43	942,156	59
Bureau Contributions.....	—	—	—	—	—	—	7,210	87	—	—	—	—
Miscellaneous*.....	—	—	—	—	—	—	6,519	10	—	—	—	—
Grand Total.....	—	—	—	—	—	—	762,355	90	—	—	—	—

*Expenses of W. H. Miller (Cardographic Conference, Mussoorie):

Biological Control Stations:.....\$1,519 10

.....5,000 00

.....6,519 10

APPENDIX II

CONTRIBUTIONS TO EXPANDED PROGRAMME OF TECHNICAL ASSISTANCE
FOR THE FOURTH FINANCIAL PERIOD (1954)(Supplied by Dr. H. L. Keenleyside at the meeting of May 27)
AS AT 31 JULY 1954

Name of Country	Contributions Pledged	Contributions Received
	U.S. Dollar Equivalent	U.S. Dollar Equivalent
1. Afghanistan.....	10,000	—
2. Argentina.....	300,000	—
3. Australia.....	400,000	200,000
4. Austria.....	19,231	9,616
5. Belgium.....	337,500 ¹	270,000
6. Bolivia.....	7,895	—
7. Brazil.....	540,541	108,054
8. Burma.....	12,000	12,000
9. Byelorussian Soviet Socialist Republic.....	50,000	50,000
10. Canada.....	1,500,000	1,500,000
11. Ceylon.....	15,000	15,000
12. Chile.....	58,909	—
13. China.....	15,000	—
14. Colombia.....	140,000	140,000
15. Costa Rica.....	6,000	5,000
16. Czechoslovakia.....	69,444	69,444
17. Denmark.....	434,342	230,201
18. Ecuador.....	6,400	205
19. Egypt.....	86,157	86,157
20. El Salvador.....	7,000	6,000
21. Ethiopia.....	20,000	—
22. Finland.....	10,000	5,000
23. France.....	1,207,500	1,207,500
24. Germany, Federal Republic of.....	148,810	—
25. Greece.....	5,000	5,000
26. Guatemala.....	7,500	—
27. Haiti.....	12,000	12,000
28. Honduras.....	8,000	—
29. Iceland.....	2,806	2,806
30. India.....	300,000	300,000
31. Indonesia.....	65,790	59,211
32. Iran.....	50,000	—
33. Iraq.....	14,002	—
34. Ireland.....	14,001	—
35. Israel.....	50,000	40,000
36. Italy.....	96,000	—
37. Japan.....	80,000	80,000
38. Jordan.....	2,815	2,815
39. Korea.....	3,000	3,000
40. Laos.....	2,857	—
41. Lebanon.....	6,846	—
42. Liberia.....	15,000	—
43. Libya.....	3,600	3,600
44. Luxembourg.....	2,500	2,500
45. Mexico.....	34,682	—
46. Monaco.....	1,429	1,429
47. Netherlands.....	600,000	600,000
48. New Zealand.....	125,593	125,593
49. Nicaragua.....	5,000	—
50. Norway.....	97,998	55,999
51. Pakistan.....	166,213	166,213
52. Panama.....	3,000	3,000
53. Paraguay.....	8,000	—
54. Peru.....	12,000	—
55. Philippines.....	55,000	—
56. Poland.....	75,000	75,000
57. Saudi Arabia.....	15,000	15,000
58. Sweden.....	483,279	483,279
59. Switzerland.....	233,372	58,343
60. Syria.....	11,410	—
61. Thailand.....	40,000	—
62. Turkey.....	201,495	201,495

CONTRIBUTIONS TO EXPANDED PROGRAMME OF TECHNICAL ASSISTANCE
FOR THE FOURTH FINANCIAL PERIOD (1954)—*Concluded*

(Supplied by Dr. H. L. Keenleyside at the meeting of May 27)

AS AT 31 JULY 1954

Name of Country	Contributions Pledged	Contributions Received
	U.S. Dollar Equivalent	U.S. Dollar Equivalent
63. Ukrainian Soviet Socialist Republic.....	125,000	125,000
64. Union of Soviet Socialist Republics.....	1,000,000 ²	—
65. United Kingdom of Great Britain and Northern Ireland.....	1,820,218	1,820,218
66. United States of America.....	13,861,809	3,904,188
67. Uruguay.....	75,000	—
68. Vatican City.....	2,000	2,000
69. Venezuela.....	45,000	32,500 ³
70. Vietnam.....	7,500	7,500
71. Yemen.....	2,100	2,100
72. Yugoslavia.....	82,500	82,500
	25,333,044	12,186,466

¹ As the total contributions pledged for 1954 has exceeded \$25,000,000, the Belgian contribution has been increased to its maximum of the equivalent of \$337,500.

² Pledge announced at the 18th Session of the Economic and Social Council, Geneva, June 1954.

³ In addition the Government of Venezuela has made an advance payment of \$40,000 toward a special contribution of \$100,000 for the Expanded Programme of Technical Assistance for 1955.

APPENDIX III

INTERNATIONAL ECONOMIC AND TECHNICAL CO-OPERATION
DIVISION

DEPARTMENT OF TRADE AND COMMERCE

OTTAWA, CANADA

"Colombo Plan Administration in Canada"

JUNE 8, 1955.

Antonio Plouffe, Esq.,
 Assistant Chief,
 Committees and Private Legislation Branch,
 House of Commons,
 Room 150 West Block,
 OTTAWA, Canada.
 Dear Mr. Plouffe:

You will remember that the Chairman (Page 24 of the copy of the evidence marked for the printer) asked that a statement be included showing what the other nations had done by way of providing aid in lump sums so that it could be compared with the Canadian contribution, as was done in the case of a statement Dr. Keenleyside put in. I attach such a statement which, if included, will fulfill the Chairman's wish in this regard.

Yours sincerely,

NIK CAVELL,
Administrator.

In answer to the question by the Chairman on page 24 of the copy of the evidence marked for the printer, the following is submitted:

As mentioned in my brief, Canada's contribution under the Colombo Plan to the end of 1954 was \$101,470,704. Contributions by other Colombo Plan donor countries to the end of 1954, compiled from Fact Sheet No. 4, dated January, 1955 and published by the Reference Division of the U.K. Central Office of Information, are as follows:

AUSTRALIA

Australia has spent or committed in the form of supplies and equipment £A17·8 million of the £A31·25 million it pledged in 1950.

NEW ZEALAND

New Zealand has spent or committed £2,393,640 of the £3 million it pledged for the three-year period ending 30th June, 1954. The balance is being supplemented to bring the total available for allocation in 1954 to £1 million. The aid takes the form of grants of finance applied to agreed projects.

THE UNITED KINGDOM

1. Sterling balances—accumulated during the war—are made available to India, Pakistan and Ceylon at the rate of £42 million a year in the aggregate. The actual rate of withdrawal depends on the choice of the countries themselves.

2. A credit of £10 million was made available to Pakistan in 1953 to finance the import of capital goods from the United Kingdom to assist food production.

3. £ 10 million has been released for loans by the Industrial Bank from the United Kingdom's capital subscription to the Bank: £5 million for the expansion of steel production in India, and £5 million for the Sui gas project in Pakistan.

4. In 1953-54, £12·5 million was approved in grants and loans for development in the Federation of Malaya, Singapore, North Borneo and Sarawak, bringing the total of grants and loans to these territories in the last three years to £65 million, excluding contributions to the cost of the Emergency in Malaya.

5. In its first year of operations, the Commonwealth Development Finance Company invested £1 million in Pakistan's Sui gas project.

6. In March, 1954, Ceylon raised a loan of £5 million in London.

THE UNITED STATES

United States aid takes various forms. (Significant contributions are also being made by private organizations such as the Ford Foundation and the Rockefeller Foundation.)

Grants for Economic Development and Technical Cooperation: \$468 million.

India	\$185	Million
Pakistan	45	"
Burma	21	"
Indonesia	24	"
The Philippine Republic	65	"
Thailand	23	"
Nepal	1·6	"
Cambodia, Laos and Viet Nam	73	"

Special Loans and Grants for Wheat

India	\$190 million (loan) in 1951
Pakistan	15 million (loan) in 1952
about	68 million (grant) in 1953

The total of grant aid made available has been allocated approximately as follows:

Agriculture and natural resources	30 per cent
Commodities to meet urgent needs	20 " "
Transport, communications and power ..	16 " "
Industry and mining	12 " "
Health and sanitation	10 " "
Community development	6 " "
Education and administration	5 " "

Export-Import Bank Credits

Indonesia	\$100 million
The Philippine Republic	25 "
Thailand	1 "

Though not properly speaking a member of the Colombo Plan, it may be of interest to know that the International Bank for Reconstruction and Development during the same period made loans to India, Pakistan, Ceylon and Thailand totalling \$205 million.

APPENDIX IV

INTERNATIONAL ECONOMIC AND TECHNICAL CO-OPERATION
DIVISION

DEPARTMENT OF TRADE AND COMMERCE

OTTAWA, Canada

"Colombo Plan Administration in Canada"

JUNE 10, 1955.

Mr. Antonio Plouffe,
Acting Chief,
Committees and Private Legislation Branch,
House of Commons,
Room 150, West Block,
Ottawa.

Dear Mr. Plouffe:

Further to your telephone conversations with Mr. Cavell and his secretary, and in connection with the questions asked by Mr. A. B. Patterson, M.P., in the Standing Committee of the House of Commons on External Affairs on June 9, I should like to submit our answer, which you will perhaps be good enough to pass along to Mr. Patterson.

According to the transcript, Mr. Patterson's question was:

What would be the aggregate of agricultural projects (products?) that are being put into these countries in connection with the generation of counterpart funds by all the participating nations? and further I was also interested in securing the same information regarding agricultural machinery and industrial machinery . . .

Since it would take some time for us to secure the necessary figures from other Colombo Plan participating countries, I understand that Mr. Patterson will be satisfied for the present with Canadian figures only. Under agricultural products contributed by Canada which have generated counterpart funds the following have been contributed:

<i>Wheat</i>	
India	.....\$15,000,000
Pakistan	..... 5,000,000
<i>Flour</i>	
Ceylon	.....\$ 1,300,000

Canada has sent no agricultural machinery which has given rise to counterpart funds in the recipient countries, and I am not sure just what categories Mr. Patterson had in mind when he spoke of industrial machinery. However, the only other Canadian contributions which have generated counterpart funds are as follows:

Steam Locomotives (120) and Boilers, India	....\$23,000,000
Diesel Locomotives (5), Ceylon	..... 850,000
Trucks, Buses and Workshop Machinery, India	... 4,360,000
Copper and Aluminum, India	..... 5,000,000
" " " Pakistan	..... 1,000,000

I trust that this information will be satisfactory.

Yours sincerely,

R. W. ROSENTHAL,
Assistant Administrator.

APPENDIX V

LIST OF WITNESSES

On Bill No. 3—(see Nos. 1 to 12)

The Honourable Jean Lesage—(see Nos. 1, 6, 12).

The Honourable R. W. Bonner, British Columbia—(see Nos. 8, 9, 10).

General A. G. L. McNaughton—(see Nos. 1, 2, 3, 11).

Mr. F. P. Varcoe—(see Nos. 4, 5, 6).

Mr. M. H. Wershof—(see No. 6).

Mr. Maurice Lamontagne—(see No. 6).

Mr. T. M. Patterson—(see No. 6).

Mr. John Davis—(see No. 6).

On Main Estimates of Department of External Affairs

The Honourable L. B. Pearson—(see Nos. 13, 14).

On Items 92 to 102, 104, 105, 106, 110, 111

Mr. Jules Léger—(see No. 17).

Mr. R. M. Macdonnell—(see No. 17).

On Item 103

Dr. H. L. Keenleyside, New York—(see No. 15).

On Items 107 and 108

General A. G. L. McNaughton—(see No. 16).

On Item 109

Mr. Nik Cavell—(see No. 18).

APPENDIX VI

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